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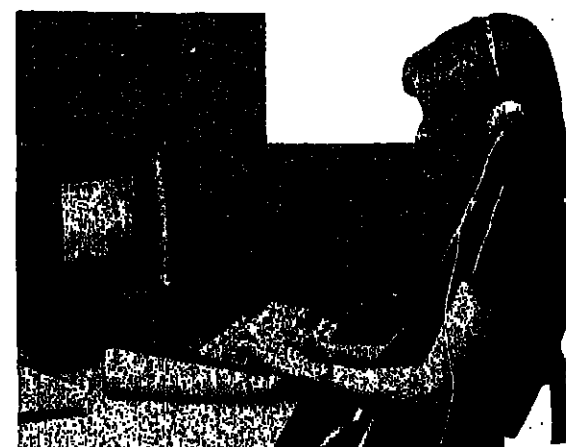
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# NATIONAL BUSINESS REVIEW

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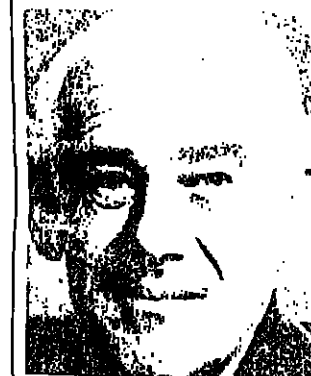
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## Tuning up

THREE travelling minstrels... but whose music hath the charms to soothe the savage electorate?

And which one of the political minstrels has orchestrated a chart-topping lead for himself and his backing band?

That, at the midway point of election-campaign '81, is the key question. And NBR political editor Colin James has tuned in for the answer in Hastings, one provincial seat where all

three parties are pitching in, sensing a real chance of victory.

Last week saw a latter-day Battle of Hastings, with all three leaders giving a live on-stage recital in successive nights.

And NBR cartoonist Bob Brockle here offers readers a clue to whom James discerned emerging as lead singer in the concerted three-way battle for the electorate's ear.

James reviews week two's virtuoso performances on Page 2.

## Health Dept asks for new computer

by Stephen Bell

A NEW "regionalised" computer network is proposed for the Health Department, to replace the present \$28-million-plus Digital Equipment-based system, bedevilled with controversy and development problems.

Tender requests could be out early next year.

The department's data processing division has prepared a "strategy paper" for its minister, division director Ivan Shipp confirmed.

The proposed system is based on a network of regional computing centres and expanded repertoire of applications.

The original network, approved by the then Labour Government, carried only three applications: parent admission/discharge, payroll and a laboratory system which the department subsequently decided to abandon. This function is now likely to be developed for stand-alone computers.

Regionalisation will allow the centre of most relevant operations to be closer to the hospital

concerned, making it easier to sort out local problems.

But all the regional centres will be linked into the main centre, proposed to remain in Christchurch.

Rumours that the computer supplier has already been secretly selected have been strenuously denied.

Controversy surrounded the 1975 appointment of American firm Touche Ross as both consultant and, later, prime contractor for the original network, and aspersions were cast on the choice of hardware supplier.

Allegations of irregularities in tendering procedures for the original network were refuted, but former centre manager Brian Say alleged in 1978 that in its collaboration with department staff on software development, Digital steered the design to a package which it could subsequently market.

The major criticism, though, was on grounds of cost and time overruns. Clearly, whatever supplier is selected this time, a tight hand will be kept on design and project control.

Formal presentation of the new proposal will not take

place until after the election, and its reception will naturally depend on who the new Health Minister is. Assuming National is returned, there are rumours that George Fair may be shuffled off to another portfolio.

Details, Page 16



MAVERICK Oringi freezing workers are staying well away from the West Coast Branch of the Meat Workers Union as a major row shapes up over their status. An invitation to meet them offends as Palmerston North today has been turned down and a letter from general secretary Blue Kennedy setting out why the break-away union branch cannot be formed has not been received, says the secretary of the shell-appointed Oringi branch, Jim McKay (see Page 16).

N.Z. INSTITUTE OF ECONOMIC RESEARCH (INC.)

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Applications are invited for the position of Editor of *Quarterly Predictions* to commence some time in 1982. The Editor will be an experienced macro economist with a good knowledge of the New Zealand economy, the ability to lead a team of economists in preparing regular forecasts of the state of the economy and to write up and publicly present the results. He or she will also have an opportunity to work in the other main areas of the Institute's interests, economic growth, industrial economics and household behaviour.

The Institute may also appoint a second Senior Research Officer to lead its research in the areas of industrial economics or household behaviour, although an interest in macro economics or economic growth would be a welcome addition.

The salary will not be less than \$27,285 and the successful applicant will be eligible to join the NZIER superannuation scheme. The new Editor could join the Institute's permanent staff or may elect a two or three year secondment from his or her present position.

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Telephone 721-880

Applications close on December 8, 1981

## NZFP front-runner

by Klaus Sorensen

THE country's largest private resource developer — NZ Forest Products — is shaping as a front-runner for the West Coast joint venture steaming coal development project.

The coal venture has the potential for exports of some \$100 million worth of coal annually, providing it's found viable, but the local favourite is up against some tough overseas opposition — with BP leading that pack.

Submissions for the Government-inspired plan to export two million tonnes of steaming coal from the Greymouth coalfield, close at the end of this month — and it looks like it will be a race between the resource heavyweights for

Government approval to conduct a full feasibility study.

NZFP has two major Japanese industrial groups to back up its claims — but both CSR and BP are also understood to be preparing detailed submissions.

The attraction of steaming coal is its rapid rise to become a viable energy alternative to oil. However, if NZFP does go ahead and put in a joint venture submission — as seems likely — the forest giant will be making the proverbial late run because the company's proposal has yet to receive approval from NZFP directors.

A board meeting is to be held later this month where a decision will be made — a matter of days before the November 30 deadline for the project.

Joint venture plan, Page 14

## The campaign

## Bounceback Bill — and a glimpse of knockabout Rob

by Colin James

A VERY bouncy Bill Rowling — so bouncy that either he is sure of winning or he has managed an inner peace rare among politicians — and a Rob Muldoon emerging a little from his ad agency's cocoon.

So did the two main leaders approach the halfway point in the election campaign last week.

At last, after 10 days or so of appearing to be fighting entirely different campaigns, the two seemed to be locking horns.

Labour got under National's skin with references to "un-wise" ministers not only left in the Cabinet but, in one case, promoted and ministers who have bouts of amnesia, including even about what land they own (themes echoed repeatedly by Social Credit).

And Muldoon countered with allegations of Labour skulduggery: enrolling on the general roll in Onehunga a woman already on the Maori roll.

Theoretically, of course, it is

impossible to do this if Justice Minister Jim McLay's assertions about computer cross-checking are correct.

And any re-enrolment is understandable, given the trouble Maoris (having made their choice five years ago) have remembering whether they are on the Maori roll or a general roll and therefore whether they should enrol if they do not appear on the roll for their district's general electorate. Recall, for example, that even Hunua's National MP, Winston Peters, tried to vote for himself in 1978 though enrolled on a Maori roll.

And other faint replays of the disastrous second week in 1978 when Muldoon went off the rails and nearly blew the election emerged from him last week: an attack on the Municipal Association and orders to financiers to cut their interest rates while he was raising his.

Then in a boisterous meeting in Hastings — the last and much the biggest of the three held by the leaders on con-

secutive nights there — Muldoon switched to what he does best: knocking Labour.

In Hastings, they're tough on law and order and he gave them law and order.

They're long haton people there and he gave them long batons.

Each job, each right hook, each haymaker they relished with the simple pleasure of provincial prejudice. Muldoon, on such home ground, brought the best — or worst — out of his audience (except for the nice old ladies from Havelock North who, judging from the way they sat mostly clapping in the best pews, must still wonder who let the boulder in).

It was a change from the flat but generally positive style of the first week — so low-key that one political advertising expert called it a non-campaign.

A tightly reined Muldoon stuck to the "growth strategy" and left his audiences looking bored — but perhaps pleased at the absence of negativity.

A measure of Muldoon's flatness came at Auckland on

November 7 when, even with the top gallery of the Auckland town hall closed, he still pulled 300 fewer than were ticked.

And throughout that hall pools of the screened and selected audience, secluded from the public behind barred ranks of officious police — a dismaying sight in supposedly democratic New Zealand — sat on their hands.

Time and again when he fed them good lines that once would have and should have raised a laugh or raised hackles they let them go by.

At best it was a sort of approval by absence of disapproval — not exactly acceptance, but a preparedness to tolerate this grimly reformed apostle of growth.

Maybe the growth strategy is working.

Certainly, the National mood is strong. To hell with mounting deficits, internal and external, and a money supply spiralling upwards in the direction of certain high inflation and a tough credit squeeze next year: the National camp is hap-

pier about this election than for a long time and getting happier by the day.

Labour is less bullish. Relentless determination is more the order than supreme confidence, though there are some who say time is up for the "little fat man".

There have been encouraging signs: notably bigger and warmer audiences — the warmest for any of the three leaders — and a better reception in factories than in 1978. At times it feels almost like 1972.

But somehow it is not quite that. Labour support may be building — and probably is since it always seems to in a campaign — but if there is a landslide coming it has yet to make itself felt.

Yet Rowling is acting and sounding as if it is in the bag. I have never seen him more relaxed and on top of himself. He exudes fitness, cheer and good humour.

His speeches, while not exactly clipped — that would be denying the old Rowling en-

tire — are tighter, more precise and unsentimental. Gone are most of the irritating ticks like "pee-pul" and "this great country of ours".

He takes time out to crack jokes, smile a lot and ad lib. And, for the first time in my experience, he is laying down the law on Government failure and Labour policy with authority in his voice and his body movements.

This is a transformed public Rowling. The private Rowling who has become much tougher since that night in the fog on the Takaka hill before the coup he fought and beat off last December, is going public.

After that coup, insiders say, he stopped trying to be nice to his MPs, party colleagues, advisers and staff, stopped trying to avoid their displeasure. Result: he pleased them a lot more.

He seems also to have decided to stop being the nice guy in public. Result: being more relaxed, he comes across nicer — but not softer.

Rowling seems from the outside to have freed himself from the politician's eternal nightmare — losing. He seems to be thoroughly enjoying the battle without being haunted any more by the need to avenge the 1975 humiliation or prove himself to anybody.

One gets the impression that if he is beaten on November 28 he will go off into the Matakau countryside with an unburdened spirit. And if he wins... he will look the part.

Meanwhile, Bruce Beetham, now very much in third place in audience poll and campaign momentum, has showed down his speaking style and pitched his appeal heavily to the "balance of responsibility" angle that brings invariably the best response from his modest audiences.

He is showing a brittleness that may not survive too well any setback on November 28. Egotists are great on upswings, but not so hot when they come to an end.

There is a stark contrast between the broadly generous way Rowling has been treating interjectors and Beetham's heavy-handed points-scoring which leaves a sour after-taste.

## Exchange

AS at November 12, NZ dollar sale	
£1	4391
US	8228
Canada	8802
Australia	7211

## Week to be

MONDAY: Fletcher timber conference, Hamilton, to Wednesday. Social work supervisors course, Massey University, to Saturday week.

WEDNESDAY: Heart Attack, prevention and prevention symposium, simultaneously in Auckland, Wellington, Christchurch, Dunedin.

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## The week

by Warren Berryman

DINA Plastic's North Shore factory is being offered for sale in Australia for \$1.8 million.

It is being advertised as a means of taking advantage of this country's cheap electrical power, labour and raw materials, export subsidies, and the falling dollar.

Dina Plastics is owned by Lemmington Holdings Ltd and plays a key role in Lem-

## Lemmington selling plastic plant

ington's tax avoidance schemes.

The Dina Plastics factory — opened by Prime Minister Rob Muldoon late last year — was not advertised for sale in this country.

The Australian advertisement described the factory and outlined the advantages of in-

vesting in New Zealand. It did not name Lemmington or Dina Plastics.

Lemmington company lawyer, Murray McLachlan — questioned last week about the sale — said that as far as he knew the factory was not up for sale.

A call to the Sydney phone

number listed in the advertisement connected NBR with Lemmington's Australian office, and with Lance Baillie, Lemmington's major shareholder and managing director.

Baillie said Dina Plastics was likely to be sold soon to an Australian company which would take up manufacture and distribution of the syndicate's products.

Baillie said the sale of the factory made no difference to the syndicates.

"We put the factory together because there was no other factory, no other machinery, no other equipment in New Zealand that could produce this type of goods," he said. "It was always our intention to sell the factory. But the factory will still produce those goods. The only thing changed is the ownership."

"The people who own the dies have the right to go to any

other manufacturer they like to."

A Companies Office search shows Lemmington — a \$1 million capital company — to have been borrowing in recent months.

On October 23 a \$250,000 facility was arranged with the Commercial Bank of Australia. Lemmington borrowed \$10,000 from Metropolitan Life on August 10, \$63,006 from the CBA on July 15, and a further \$57,877 from the CBA on the same date, according to Companies Office records.

The Lemmington name has become well known through the publicity surrounding its tax avoidance schemes.

Acting as broker, Lemmington has organised syndicates of high-tax-bracket investors to buy highly priced plastic dies from a Lemmington subsidiary, Steel Tool and Die Ltd.

Each syndicate owns a different die priced from \$80,000 to \$400,000.

The syndicates — organised as special partnerships — became manufacturers for tax purposes.

The actual manufacture of the plastic "glassware" and kitchenware has been carried out by Dina Plastics. Sales and marketing have been conducted by Tadek Marketing Ltd, another Lemmington subsidiary.

Each investor in the special partnership could write off the depreciation on his share of the die, regional investment allowances and export investment allowances.

The plastic products are priced at levels high enough to restrict sales on the domestic market. But the higher the price, the greater the export subsidy if and when the product is sold overseas.

Lemmington sells through subsidiaries in the United States and Australia.

## Synfuels gets in first for labour

THE Synthetic Fuels Corporation has stolen the lead on other companies wanting to employ skilled local labour.

More than 100 applications have been received from would-be mechanical, chemical, corrosion and instrument engineers.

Computer systems engineers, finance and industrial relations personnel are also being sought to form the foundation work force.

The corporation's "task force" of 250 permanent employees will comprise mainly New Zealanders with any shortfall being recruited elsewhere by Mobil Management Services Inc.

Cost estimates for the total workforce of 1200 people indicate \$79 million being spent on local labour and \$48 million on offshore labour.

American staff employed are

ideally required to recruit and train New Zealanders to take over from them within a period of 18 months.

Local engineers and technical staff employed here will spend next year in the United States to acquaint themselves with the technology and nature of the project.

The construction workforce and construction engineers will be hired later.



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### The week

## Muldoon threat for US ears has multi-million effect

BY Allan Parker

PRIME Minister Rob Muldoon's threat to review forest industry export incentives — which helped top \$186 million off the sharemarket value of the giant Fletcher Challenge group alone — seems to have been a gesture to appease the Americans.

National Party officials, confirming recent prime ministerial and manifesto assurances that all export incentives will remain in place until 1985, explained why Muldoon had brandished his woodsman's axe at the forestry industry's incentives.

At the time, US pressure was being placed on some New Zealand trading practices (for example, sheep meat and plastic car tyres) and there was increasing pressure to become a signatory to the Gatt subsidies code.

Senior policy advisers say the forestry industry was plucked out as a political scapegoat for the Americans.

The effect was devastating for forest industry share values.

Fletcher Challenge, owner of the Tasman pulp and paper operation, saw its share price plummet sharply from a year's high of \$2.89 a 50-cent share just after the Muldoon review announcement to settle at a low

of \$1.99 — a 90 cent drop on each of the company's 207,199,196 ordinary shares. In effect, this wiped \$186.5 million of the share values.

The other forestry giant, New Zealand Forest Products, was affected but the company was then making a cash issue which had a depressing effect on the share price, anyway.

Managing director Doug Walker, however, confirmed last week that the mid-year threat to give the industry's tax incentives the chop did influence the NZFP share drop from a high of \$4.49 to a low of \$3.14. Total face-value loss: \$108.5 million.

FCL chairman Ron Trotter spelt out the company's concerns at last week's annual meeting in Wellington.

"The relative deterioration in our share price over recent months has, we believe, in large part been due to concern that there may be discriminatory removal of export incentives from some forestry companies," he said.

Market reaction to the threat was not surprising, given the value of the incentives to the giants of the industry.

Fletcher Challenge claimed \$30.6 million in export incentive allowances and NZFP a further \$24.6 million last year.

Removal of the incentives would be highly damaging to profitability.

Recent prime ministerial statements and publication of the National Party manifesto have eased the industry's fears.

National's overseas trade policy announcement, for example, states: "Export incentives, which have played a major role in export development, will be continued until 1985 and then only changed following consultation with the appropriate industries."

At the Manufacturers Federation convention in Wellington this month, Muldoon repeated the manifesto pledge that all incentives would remain in place.

Both Walker and Trotter said last week that they had had assurances from the Government that this applied to their industry.

Walker told NBR: "We recognise things will have to be looked at and reviewed. But we don't want sudden change and we would like to have an opportunity to say what changes might be made."

Trotter told the 750 FCL shareholders at last week's annual meeting: "From discussions with Government we are assured that any changes would be evenly applied and public announcements have quite clearly reaffirmed that export incentives are to be continued until 1985."

"I am quite confident that we will not be adversely affected in relation to any other exporter."

NBR inquiries last week among senior National Party officials confirmed that the forestry industry was included in the promise that export incentives would continue until 1985.

The party's general director, Barry Leary, said: "We have not made any exception for the forestry industry; we will be treating it the same as any other manufacturer."

Other officials made clear that the Muldoon threat had been closely linked with the pressure being placed on New Zealand trading practices by the United States.

Said one: "Around July we were having all sorts of problems with the Americans over the sheep meat thing and other areas."

"It was a very complex thing and could have had a domino effect — whatever we did in terms of shifting to suit the Americans would have flowed into our CER (closer economic relationship) moves with the Australians, and then the Japanese would have been watching us closely."

The Government had to move "extraordinarily cautiously — we have to be very careful in what we do and say," he said.

The forestry industry, he said, was an area "least sensitive" to the Americans.

A senior policy adviser said Muldoon had sat in on meetings "where these things (the manifesto documents) went through."

"If he had not wanted to say this (that all incentives would remain until 1985), the policy wouldn't have said it."

Investors in both companies seem to be sharing their top managements' relief at the reassurances. By last week, NZFP shares had recovered to a high of \$3.30 (dropping slightly to \$3.26) and Fletcher Challenge recorded ex-dividend sales of \$2.17.

### Week that was

AQUA Asia Society director, secretary and general manager Richard Lynch resigned as secretary, citing pressure of work. A group of members attempting to call a meeting to have a chief executive and three new directors appointed changed their minds after an explanation of delays in starting the Skybus service.

FLETCHER Challenge Ltd restated its commitment to the second aluminium smelter, after reports of reservations on

the conglomerate's part at the company's annual meeting.

POLICE were called in to investigate the leak of a Cabinet document advocating limits on the powers of the Commission for the Environment. THE Rixen six-in continued with both POL were at odds on whether the Chilean trade ban would stay. voters, while the Labour Party and POL were at odds whether the Chilean trade ban would stay.

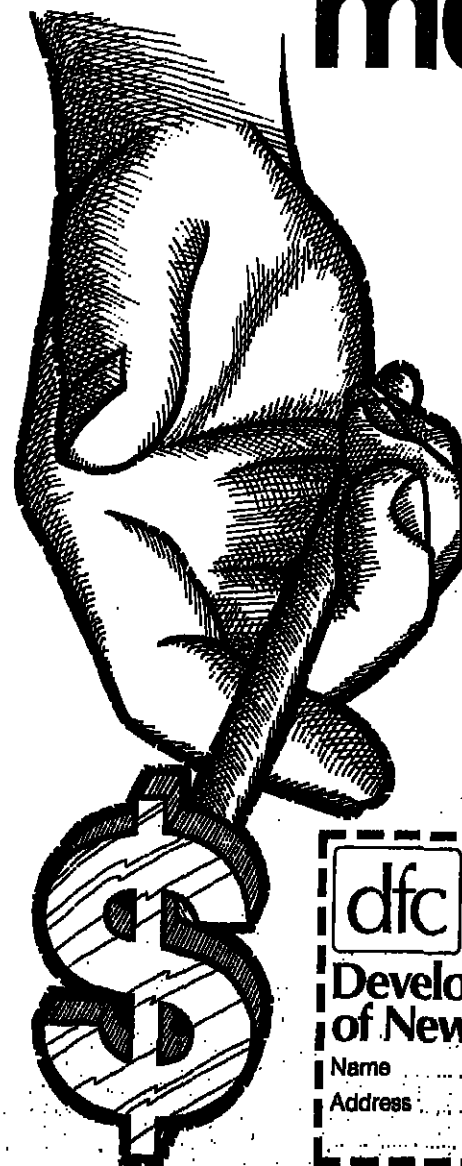
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## Editorial

BUTLAND Industries is curiously coy about aspects of its business which will be affected by its partnership with the Chicago-based Kraft Corporation, the world's biggest cheese producer. Kraft has secured a 49 per cent stake in Butland by buying shares held by Butland family interests, and the Overseas Investment Commission has given its blessing to a marriage which company chairman J M Butland describes as "very much a partnership" which also embraces the Dairy Board.

Total exports will be lifted by \$15 million in the company's first year. Thus Butland can reasonably argue that the increased export activity must create more jobs, both in food processing and in packaging. Finding the markets is a matter for Kraft to worry about, apparently. Kraft will do its own marketing independently, but has undertaken to maintain a liaison with the Dairy Board to ensure that conflict is avoided.

But public appraisal of the merits of the scheme would be helped by an understanding of Butland's present export levels and the extent (in percentage terms) to which they would be boosted by Kraft's involvement in the company, for example,

or by estimates of the job creation prospects. Butland — a private company — keeps export and turnover figures confidential, however, and is either unwilling or unable to indicate how many more workers would be employed as a result of proposed developments.

Non-cheese exports will include products such as jams and canned beans, which Kraft doesn't produce in Australia. In an export push aimed at taking advantage of more liberalised trading arrangements between New Zealand and Australia. So long as the local product doesn't compete with Australian products, it will be marketed in Australia under the Kraft label, and there will be a strong effort to promote sales there.

Kraft's intention — consistent with what is said to be its worldwide policy — is to maintain the New Zealand image of the company; it will preserve the Butland name, continue the same brands, and keep the same management.

Kraft benefits under the deal by gaining access to our raw materials — cheese — for processing. In return, the Butland subsidiary, Dairy Industries Ltd, will gain access to technology in which Kraft is a world leader. There is no technical services

agreement; the technology is being offered free. Kraft can be expected, therefore, to bring in new products and new processing methods at a time when Butland is committed to capital-intensive developments, which have been financed from the company's resources over the past three years.

Fierce opposition by farmers, trade unions and other sections of the dairy industry thwarted Kraft's previous attempt to secure a foothold here. Kraft had proposed in 1973-74 to acquire 60 per cent of New Zealand Cheese Ltd, a wholly owned subsidiary of Butland. The resultant controversy forced it to abandon the plan.

Subsequently, Dairy Industries Ltd was set up as a 50/50 partnership between Butland and the Dairy Board, and the direct involvement of the Dairy Board is a factor which significantly distinguishes the new partnership from the previous proposal. Kraft's 49 per cent of the Butland shareholding will give it indirect entry to — but no shareholding in — Dairy Industries Ltd. Butland regards this as attractive both politically and practically.

Farmer reaction has been tentatively favourable. The chairman of the dairy section of Federated Farmers, Owen Jennings, acknowledges that circumstances have

changed since the earlier bid was made, giving dairy farmers a greater degree of security — but they would need more detailed information on Kraft's objectives.

In contrast, the unions' gut reaction ominously suggested the FOL would flex its muscle to halt the scheme by raising the bogey of the multinational. President Jim Knox said the FOL was determined to stop multinationals moving into this country (on the grounds they make large profits at the expense of local workers "without putting anything back").

The FOL — which has been flagrantly defying all reason to frustrate a fostering of trade links with Chile — is obviously capable of wrecking the latest deal. But it invites further public opprobrium if it plans to pre-empt the right of the state to determine foreign investment policy. And it invites the contempt of its own membership if it frustrates the injection of foreign capital without which we seem hopelessly unlikely to develop our resources sufficiently to generate a return to full employment. Kraft's entry into the country, simply, must be judged on its economic merits, and not dismissed on grounds of specious dogma.

— Bob Edlin

### Without word of a lie

#### Official imprint

WHICHEVER party wins the general election, one easy cost-saving it might make in the next Budget is to trim the whims of cabinet ministers and their lackeys.

And it would end the confusion that is arising in the Government Printer's mind as to just whose printer he and his staff are supposed to be.

When one of the current Cabinet went to Tokyo a few hours before departure his office sent an urgent request to Mulgrave Street for three luggage labels.

The Government Printer's staff duly complied. But it would have been much cheaper for a ministerial aide to go to Whitcoulls and buy three labels to be filled in by his own fair hand.

#### The rising son?

THE "like father like son" adage certainly extends as far as a close physical resemblance between Fletcher Challenge chairman Ron Trotter and his sharebroker son, Bill.

But Trotter junior succeeded where his dad failed at last week's standing-room-only Fletcher Challenge annual meeting in Wellington.

Around 750 shareholders turned up for the meeting, considerably more than budgeted for. To cope with the influx, the company arranged several bars in Wellington's Overseas Passenger Terminal (which hasn't seen an overseas passenger for many a day); one bar offered spirits, one offered wine and beer, another offered soft drinks.

Bill Trotter asked for a glass of wine at the spirits bar but was directed across the room to the beer and wine bar. Undaunted, he stood his ground, pointing to the crowded room and the fact there was a wine carafe in the refrigerator at the barman's elbow.

He got his wine, despite the barman's protestations.

A little while later Ron Trotter went to the spirits bar for a beer.

This time the barman was having no nonsense; he informed the tall thirsty looking bloke (apparently unaware of his identity) that he could not have one of the beers in the refrigerator and he would have to go across the room to the beer and wine bar.

But having been on his feet for more than an hour fielding shareholders' questions, the thought of a trek across the room to get his beer seemed too much for Trotter senior. He just gave up.

### Brockie's view



Brockie

## Unemployment: have we got our perspective right?

THERE was little room for doubt on some matters raised at the Mental Health Foundation symposium on unemployment. Unemployment is extensive and its effects are grave.

The impact on mental health is more than proportional to the growth in unemployment and many more subtle effects are emerging with regard to social disintegration.

The gross outcome cannot be measured in monetary terms, any more than the damage to a car by an accident can be assessed in terms of the repair costs.

The fact that the impact is vastly greater on our Maori population than on their Pakeha cousins may have little to do with colour. But it cannot promote good race relations.

It is obvious there is urgent need for action. But there is considerable confusion as to the cause of the situation — and even more confusion as to desirable remedies.

Many seem to assume that we are passing through a period of economic dislocation which in due course will be adjusted by large or small-scale development.

Others see the silicon chip sweeping us into a new type of economy.

The truth, as usual, is somewhere between these two extremes.

It is important to be clear about this. Some people would oppose too radical measures on the grounds that they will be out of place when the economy rights itself; others regard emergency measures as wasteful patching when basic restructuring is called for.

I would take the view that we must take full account of the simultaneous effect of two factors operating. Economic dislocation is the major one at present, but it will be with us for some time. Meanwhile the effects of automation will become increasingly felt.

This situation has some advantages, because it means we can safely apply both short-term and long-term measures.

My more radical friends become increasingly driven to Marxist concepts, but I cannot help thinking that they have not fully appreciated the Marxist philosophy which was based upon the fundamental effect of economic needs in guiding the development of society.

The plethora of automated production which now faces us will radically alter the importance of economic factors. Automated factories may have little need for labour but automated supermarkets will need customers.

We all must do some radical overhauling of our basic ideas in the not too distant future.

One of these relates to the concept of work itself. We have tended to think of it as something for which one is paid.

If I dig my garden to produce flowers for sale I am working, but if I dig my garden to produce flowers because I like flowers and want to take them into my house or offer them to my friends

After two days at the recent Mental Health Foundation Symposium on unemployment, under a barrage of research reports and policy statements by political parties, Trade Unions and the Employers' Federation, C J Adcock felt impelled to try to integrate it all with his own thinking, based on a wide psychological background and a general knowledge of economics plus a nagging need to understand the world we live in. This article is the result...

the same activity has ceased to be work.

As we normally know it, work has several functions: it provides income, it gives a dignity to life which is lacking for the unemployed and for a great many people it is a satisfying form of activity.

But it can be more than this. It can be the framework around which we build our life purpose.

Without it a person may be an unco-ordinated collection of unrelated impulses. He has no holidays and play may have lost its meaning.

None of this proves that work is necessary. It does indicate that, without some equivalent, life may have lost its savour and there can be no equivalent without a different society and such a different society can evolve only by slow degrees.

In the meantime we just look at our unemployment with an open mind and a full appreciation of what work means in the modern context.

Having regard to the long-term trend to automated production, we can very well give first consideration to measures which will have a long continuing effect.

The first which comes to mind seems to have been completely overlooked by the symposium — yet it is obvious. If labour is in less demand for production, are there other areas where more might be absorbed?

What about our medical and educational needs?

I have seen no attempts to produce electronic nurses and we read of long delays in providing surgical treatment, while our schools cry out about reduced budgets.

Surely we should be planning how employment possibilities here can reduce unemployment spending. It is ironic that unemployment costs should motivate reduction in useful employment.

Are we really lacking in intellectual capacity or is it just a matter of being tied to conventional thinking?

Surely it is good sense to move people on at the top of the system rather than impede entry at the bottom. To produce vast groups of frustrated individuals with living habits, which do not permit the development of satisfying life plans with worthwhile goals, is probably about

the worst possible way to cope with our problem.

Leisure is not an evil, but to give — no, to impose — it in undue quantities on those who have least opportunities for using it adequately is plain social stupidity and political ineptitude.

When we have exploited all the desirable possibilities of expanding service employment, we can turn our attention to creative and artistic work.

The production of crockery by cheap automated methods can make possible a complementary craftwork industry producing expensive pottery. This type of work can be satisfying enough to be motivated without monetary return but, of course, only by those whose monetary needs are taken care of in other ways.

We may eventually find it possible to free a considerable number of gifted people by providing them with bursaries which will meet all their economic needs and leave them free to achieve rewards in the form of public recognition.

In such a world, financial gain could cease to be the touchstone of success and a new value system could begin to emerge.

In the meantime we have a mechanism which can relieve the pressure of unemployment to more humdrum levels. Let us use state funds for creativity rather than for salvage. The extent which we do so at any time can be attuned to the situation and we may find it desirable to push forward automation to permit rapid progress in this direction.

A major aspect of remedial work must doubtless be with regard to the transition from school to employment. At present this is just a lottery for many children. The prizes are for the lucky ones.

That is an educational scandal. Educating a person is not just a matter of providing knowledge and skills, but of enabling him to build up a pattern of life aims and to develop attitudes which will make for satisfying life in the full sense.

The transition to employment should be the culmination of the pre-employment period of education and is not completed until suitable employment has been achieved.

No young person should be roaming the streets to find some way of filling in empty time.

Education, however, should not cease with the obtaining of a job. It should be continued in some form indefinitely because only so can a citizen play an adequate part in a democratic environment (but that is an educational problem which is not our concern here — I would only observe that schools are not always geared to provide a satisfying form of education for their less academic pupils who hanker to escape from an environment which does not provide the stimulus of achievement).

Much difficulty has been caused in relation to youth employment by wage provisions which make a youth rate impossible. The desire to prevent employers exploiting such rates to the disadvantage of older people, perhaps with family commitments, is commendable. But it fails to take account of the fact that adult wages for young people are a temptation to profligate spending and perhaps bad habits.

Protection for older workers could easily be achieved by imposing a ceiling on the employment at youth rates at a percentage agreed by the unions concerned.

Finally, we have to consider special emergency measures which may be necessary. The most important thing to say about them is that they should seldom be necessary.

Unfortunately, they are necessary at present and there is much evidence to indicate that their application has lacked adequate machinery to administer them appropriately.

Regulations framed for more normal conditions often hinder action and overworked government officers may feel unable to cope with the problems involved.

The Labour Department was not designed to conceive new ways of using labour to promote socially desirable developments which, without surplus labour, would not yet be economically viable. That needs leisure time to think.

My general plea is that we should stop looking at unemployment as a passing misfortune in our economy and recognise a long-term trend which will call for a radically new view of economic and social organisation, necessitating changes in both capitalist and socialist concepts.

C J Adcock is a general psychological consultant and retired professor of psychology at Victoria University.

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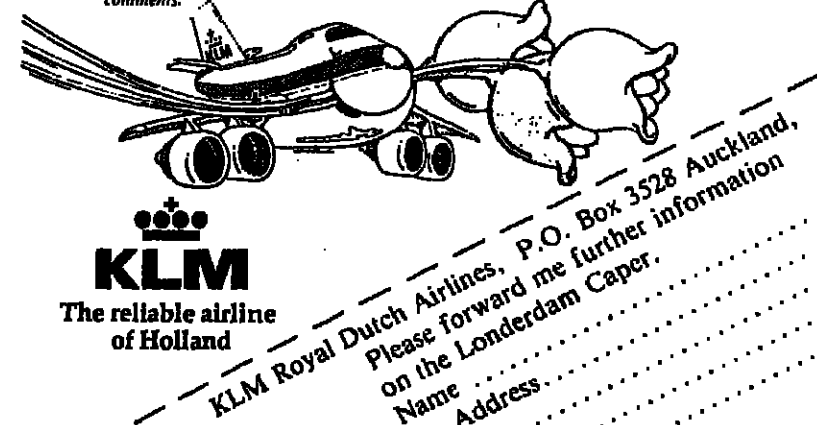
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## Letters

## New wine law and Corbans

I REFER to an article (NBR, October 19) headed "Corbans out of step — institute". In this article Mr T B McDonald, chairman of the Wine Institute, commented on an earlier article in the October 5 edition headed "Corbans at odds with institute over new bill". The latter article referred to comments made by Corbans Wines Ltd in its submissions to the Statutes Revision Committee on the Winemakers Bill.

In the article of October 19 Mr McDonald endeavoured to refute suggestions that Corbans Wines Ltd had not been given an opportunity to express its views on the proposed legislation.

The company can only reiterate that the Winemakers Bill was drafted in consultation with the executive of the Wine Institute without the measures being debated among the approximately 100 winemaker members of the institute. It was only when the bill had been passed through its first reading in the House and became a public document that most of the country's winemakers were given an opportunity to comment on the bill.

Even at that stage, despite the importance of the bill to the development of the industry, the Wine Institute requested written submissions within seven days rather than call a meeting of the institute members so that the bill's contents could be explained,

debated or mutually agreed to as a basis on which submissions could be placed before the Statutes Revision Committee.

Corbans Wines Ltd accepts that a meeting was convened to discuss a possible export certification scheme, but the matters discussed were in no way conclusive and were not representative of the institute as a whole.

As well as introducing the export certification scheme, the Winemakers Bill presents a number of new proposals not previously permitted under legislation:

- Provision for the holder of a grape wine licence to also hold a fruit wine licence;
- Sale of wine on Sundays and other public holidays.

Above all, it would be improper of your readers to be persuaded by Mr McDonald's comments that Corbans Wines Ltd is willing to see inferior New Zealand wines sold at export. The company's opposition to the proposed export certification scheme is based on a number of practical considerations, but more importantly the company resents the imposition of double standards in respect of wine quality.

In its formative years the industry has received the loyal and enthusiastic support of the domestic consumer. It is difficult to comprehend, therefore, how the industry can now justify subjecting such a market to one standard of wine while providing an alternative standard for those sent overseas. The proposal also fails to

recognise that the initial introduction to New Zealand wine of many potential overseas consumers occurs when they visit this country as tourists and purchase local wines for consumption in restaurants.

One can only speculate as to the damage that has been done where these visitors have purchased "house wines" in cafes, which in reality have sometimes been flavoured wines which are required to contain no more than 40 per cent grape juice.

As one of New Zealand's oldest and largest wine companies and the one that accounts for the majority of this country's wine exports, Corbans suggests that if practices ill-befitting winemakers of repute are banished from the domestic market, then imagined problems with export quality will be of no consequence.

Perhaps the efforts of the Wine Institute could be more gainfully employed in this

direction if it is truly committed to the continued development of the wine industry both domestically and at export.

K G Peterson  
General Manager  
Corbans Wines Ltd

## Film industry in Australia

THE optimism expressed in Keith Hooper's article on the Australian film industry has been tempered by the reality of the legislation and the film marketplace.

When the legislation was suggested on September 30, 1980, as part of Fraser's election policy, there was an enthusiastic response from film makers and investors. However, when it was implemented in May/June this year it became immediately ob-

vious that there would be problems.

The most significant of these is the requirement that the 150 per cent write-off is only available in the year in which the film is marketed. This is further complicated in that all companies are bound by the same tax year, July 1 to June 30.

Thus for production and marketing and therefore write-off to take place within the 12-month period, July-June, there is enormous simultaneous pressure on all facilities.

Production takes place September-January, editing takes place January-May. Crew costs and facility costs have risen as demand is no longer spread throughout the year and the rush to produce has meant much mediocre production.

In fact, the period immediately following the introduction of the legislation was marked by the postponement and, in some cases, the

cancellation of about 10 projects.

Each film has to meet certain qualifying conditions as to "Australian content" but even the most jingoistic producer has been dismayed to learn that the criteria are often determined by "script assessors" in the Taxation Office.

The result of all this is that far fewer films have been made than was anticipated and the future does seem clouded.

Finally, there is still the concern that overstimulation of film production will do nothing to solve the audience response to the current boom. Only 16 per cent of Australian films have proved to be profitable and the more that are made the lower the percentage.

In 1979, 21 Australian features went into release. Only two were profitable and 13 have sunk without trace.

John Barnett  
Endeavour Productions Ltd  
Wellington

## Politics

## Blue collars and National's long thin blue line

by Colin James

"WE'LL be all right, we are holding the blue collar vote" — comment by a senior official of the National Party two days before election day, 1978.

"If he had moved then, we would have walked over broken glass for him" — comment by one of the new breed free enterprise MPs recently about the unsuccessful attempts in 1980 to get the Prime Minister to go "more market".

These two comments nullify the developing tension within National Party ranks. Once the National Party was close to the centre of New Zealand politics — a basically liberal guiding spirit, firmly anchored to day-to-day pragmatism, but with a bias towards private enterprise.

From there it reached out broadly to encompass the more free enterprise people in the upper right of the chart (at left), across to the liberals of the centre and down to the "working class Tories" in the bottom right quadrant.

For 25 years it was a natural governing majority.

But now the party is being stretched between Prime Minister Robert Muldoon down in the bottom right quadrant and the more marketeers in the top right quadrant, while liberals in the centre of the top of the chart drift away and, in some cases, towards Labour.

For the moment the two segments of support on the right can be appealed to simultaneously by the "growth strategy".

Quigleyites can see it as pro-profit and pro-private enterprise; Archie Bunkers can see it as "big daddy" coming to the rescue with grand designs.

By heavily emphasising this during the campaign, the party is attempting to mask (to its traditional top right supporters) the main thrust of Muldoon's appeal, which is to the bottom right.

And, provided he narrows his comments on other matters to right-wing statements on moral and social issues with which both segments can agree, the lack of common ground on economic matters can also be masked.

He also tends to divert attention from the failing economy, otherwise a losing issue.

Muldoon is one of those rare leaders who can transcend the normal boundaries of politics.

And as luck would have it, six years of economic stagnation and developing social tension have disrupted the old, safe values and political linkages.

Labour's difficulties maintaining links with its own support, detailed in last week's column, have left space for a raider to operate.

Muldoon comes from the same side of the track as most of them and he pitches a dual appeal their way.

One is what he has termed "intelligent pragmatism and genuine humanitarianism". This "hallmark of most successful New Zealand politicians" led naturally to national superannuation and a by-and-large tolerant attitude to welfare and wage movements, a preference for higher inflation rather than higher unemployment and a general tendency to pay a fair amount of attention to the less well-off in tax adjustments.

This is the "socialist" Muldoon the "greedy people with

their boats" (as one party sceptic puts it) don't like.

The second Muldoon appeal is a close identification in instinct with the Archie Bunkers on moral and social issues. This upsets the National liberals.

When rugby crowds pushed past demonstrators to have their simple pleasure, they could feel he was there with them. (And, when he sent a message of congratulation to the All Blacks after the third test, he was.)

When they get fed up with militant pommic unionists, or long-haired demonstrators, or gangs, or inferior blacks from Africa, or poncey television interviewers, or uppity intellectual types from the university, or scroungers off the welfare, who says it better than they could?

Muldoon. He is their means of putting down the enemies they are too powerless to beat on their own.

This is convenient for National, since Muldoon is skilful at identifying Labour with many of the enemies.

But it is high-risk gambling in the longer term.

Already, if anything, the bulk of the active National Party has moved rightwards and upwards in the chart from the Holyoke days.

They find a more natural expression through Derek Quigley. And the downward push of Muldoon's appeal has tended to accentuate his attraction.

About 50 free-enterprise National traditionalists, including some big names of finance and business, recently turned out to a lunch for Quigley and turned out their pockets afterwards.

Colloquially, some party cynics have dubbed these people the "Noddum Haters Club".

In the short term, for the purposes of this election and not to frighten off that "blue collar vote" prized by the 1978 official I quoted above, National is ignoring their pet desires. Where is the more market message in this month's propaganda? Very muted.

But in the long term they cannot lightly be ignored.

Without a central counterweight, the line between the Quigleyites and Muldoon is getting longer — and thinner.

It came close to snapping last year, as the leadership crisis showed. Muldoon won then. He is winning now. He is more likely than not to go on winning.

There is thus a real danger that the line will snap and National's "broad spectrum", much broadened by Muldoon, will fly apart, leaving in effect a Muldoon party.

This in turn would leave a gaping hole in the centre.

Already the centre of the top half of the chart is softening in its support for National. Considerable numbers there have been drifting out of National in places like the North Shore and central-western Wellington. Some are drifting towards Labour which is reaching towards the ground once held by Holyoke.

November 28, then, will be a day of paradoxes for National. It cannot win without Muldoon, but if it wins, will it still be itself?

NEXT week: The Social Credit intrusion.

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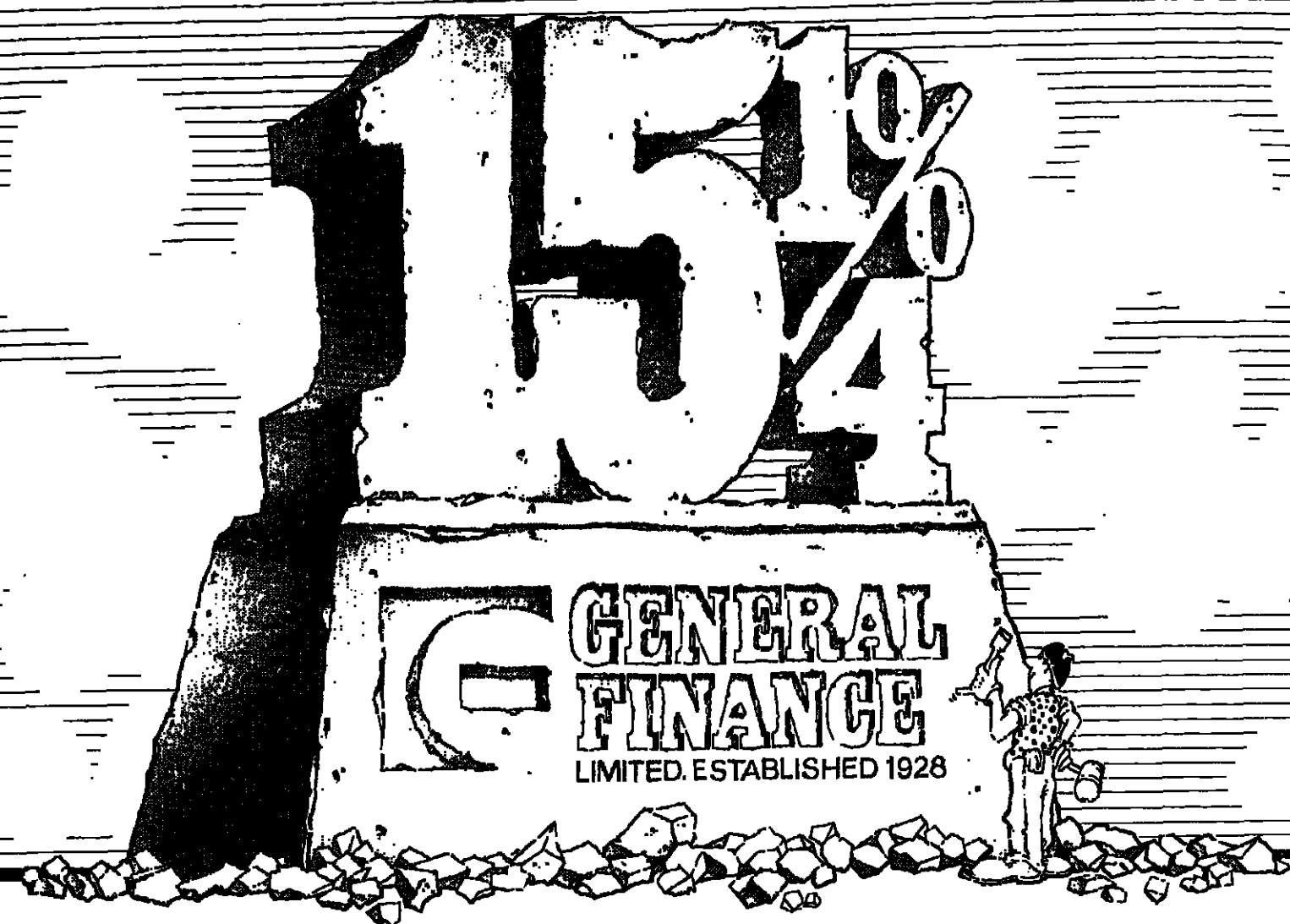
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## FCL sets tone for free, frank AGM get-togethers

by Klaus Sorensen

BY now the first Fletcher Challenge annual meeting should have been roundly lauded by the analysts and daily newspapers.

"Should", because it was probably the best public company meeting held in New Zealand for many years, in terms of attendance and the rapport between company and shareholders.

And the company should have laid to rest many of the sharemarket's recent phobias.

Phobias such as fears of the withdrawal of forestry export incentives, the effects of weakening international timber and paper prices, and haunting suggestions that perhaps the market had vastly over-rated Fletcher Challenge's potential in the first place.

But there was one point not touched on by the meeting — a point ironically highlighted by the company itself.

This is the seemingly strange contradiction between offering proxy voters a theoretical "for" and "against" voting option for every Fletcher Challenge director — and the reality of re-electing the entire board of 21 directors of the company with one motion (and no dissent), as happened last Wednesday afternoon.

Like everything else about the newly merged company, the 1981 annual meeting "instrument-appointing proxy" is a lengthy affair.

It contains a list of the Fletcher Challenge directors to be elected at the meeting and offers the proxy shareholder a voting option on every one. A notable achievement in New Zealand corporate activity, and an excellent alternative to the old proxy form which simply allows a shareholder to appoint his own proxy to attend the meeting, or else to appoint an existing director — and therefore effectively vote for the status quo.

The problem with the FCL proxy is that the stay-at-home shareholder does not have the opportunity to cast his vote for or against any individual director unless a poll is called for at the meeting.

Without a poll, no shareholder can really say he has participated in the democratic appointment of his representatives.

But the Fletcher Challenge proxy comes closer to the ideal than most — that of shareholders voting for the individual directors of their company, and even more impor-

tantly, having a choice of directors.

Shareholders are a meek lot generally who tend to ask a lot of irrelevant questions, and for this reason continually disappoint the directors of the more progressive companies for not adding more spark to annual meetings.

But the Fletcher Challenge proxy raises the point that shareholders should have a choice of candidates to vote for to fill a vacant directorial position and that they should be more active in proposing their own nominees for board seats.

Most directors appear to be appointed by their colleagues during the year following a resignation or retirement.

This not only interferes with the theoretical democracy of the public company, but perpetuates the "clubby" atmosphere which exists in most boardrooms.

The situation then arises where shareholders are informed — in some cases for the first time at the annual meeting — that a director has departed, but that the existing directors have already appointed a replacement.

So shareholders are asked to re-elect the replacement director at the meeting, purely as a formality.

The result is that shareholders become apathetic, see their role as mere rubber stamps and abandon the important role they should be playing in questioning the directors and the company's performance.

The obvious argument to the contrary is that the directors represent shareholders by definition (unless they are block-voted on to the board by a particular shareholder), even if they haven't been specifically nominated by those shareholders.

Fair enough, but the point is that the participatory democracy of the public company does not really exist until shareholders have a choice of directors, and their apathy towards the annual meeting probably won't change until they feel they have a role to play.

The Fletcher Challenge annual meeting was notable for the unusually intelligent questions from shareholders and the typically adept fielding of those questions by chairman Ron Trotter.

Shareholders clearly felt they were part of the company — due not so much to any democratic stirrings, as, one suspects, to Trotter's en-

thusiasm and intimate knowledge of his company.

But how much more challenging and interesting would the meeting have been had shareholders been required to choose 21 directors from 22 nominees?

What if the shareholder was faced with a choice between either Ron Trotter, Hugh Fletcher, George Pearce or the Rt Hon Lord Denman?

After all, the company has a \$200,000 maximum on its director's fees to ensure it can attract the top dogs.

For that sort of lost shareholders could be forgiven for wanting to choose the best directors from a larger number of nominees.

Nevertheless, the Fletcher Challenge meeting easily rates at the top of the list of meetings held this year.

Consider the BHP annual meeting in Melbourne, attended by NBR two months ago, or the Dominion Breweries meeting in Wellington earlier this year.

Of some 80,000 share-

holders, only a couple of hundred turned up for BHP's annual meeting, and a middle-aged, sour and dispirited lot they were, too.

Most were obviously veterans of previous meetings and were prepared for the treatment they received.

There was a gulf between shareholders and the directors' podium in more ways than one.

The top table seemed distinctly unimpressed with most shareholder requests — including suggestions that BHP might again consider some refreshments (not even a cup of tea was to be had) — and shareholders made their requests with a suitable lack of enthusiasm.

The BHP meeting took nearly two hours, and when it ended it seemed a merciful release — from each other's company — for both shareholders and directors.

The Dominion Breweries meeting was characterised by a warmer, but no more illuminating atmosphere.

Shareholders turned up in

force to savour the company's products and those who spoke seemed more intent on extolling the health-giving properties of beer, and recalling the company's establishment in those simple balmy days of the 1930s.

Penetrating questions on the company's investment progress in recent years, and its seeming rearguard battle with competitor Lion didn't enter into it.

Dominion Breweries shareholders have such a proud heritage and tradition that there is apparently no need to worry about the future.

But, apart from setting the pace in investor relations, Fletcher Challenge also seems to have a clear view of one of its most important responsibilities towards shareholders — that of keeping the share price up.

Trotter returned from an extensive overseas trip just days before the meeting and while he voiced some concern over the international business climate, he recognised the need for some reassuring words on the local scene.

He succeeded in lifting the gloom which has characterised the company's share price and affected the whole market for months.

For a start Trotter predicted a "substantial" increase in profit in the current financial year over the \$80.7 million profit in the year to June 30, 1981.

But, more importantly, he told shareholders the company had received assurances from the Government that forest export incentives would not be singled out for any discriminatory treatment in a review of export incentives, and that the Government was committed to operating the export incentives scheme until 1985, at any rate.

And for good measure, he reassured shareholders that a new debenture borrowing programme would mean the company would not need to touch them for cash this year.

Trotter's recipe is simple — he knows what the shareholders want, and he delivers it.

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### Appliance dealer hearing

OTAHUHU appliance dealer Rick Hadlow is confident he will succeed in getting the appliance manufacturing giant, Fisher & Paykel Industries Ltd, before a full Commerce Commission hearing to investigate the company's franchising policy.

Hadlow told NBR: "It's all we are definitely going before the commission as far as we can make out, though I haven't been officially notified."

He said Trade and Industry had "done a lot of homework" and the examiner of commercial practices' office has been compiling a file on the Fisher and Paykel "refusal to supply" case for months and Hadlow told NBR the latest development was a request from the ex-

aminer for him to provide references of his creditworthiness.

"The examiner has asked that all this information supplied by the third week of November. I think we will be at the commission by late January."

Hadlow has requested supplies of whitegoods from Fisher and Paykel for three years — but the appliance manufacturer steadfastly refuses because of the terms of its "exclusive franchising" whereby it supplies only a select group of single franchise dealers.

The director of commerce in the examiner's office, Jim Stevenson, told NBR last week the case was "still under consideration."

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politicians read for informed political comment.

And the 1981 *Energy Plan* data already suggests that a lower figure is being planned for (Ministry of Energy officials estimate 125,000).

1997



IZK Publishers of New York

Zealand Woman's Weekly, New Zealand Farmer, Sea S.

By: Baxter Business, Cokkie Times

Another example — the Canon P330T. The 12 digit calculator finds the difference between two times a day and dates in a year together with all the normal calculator functions. It is ideally suited to the calculation and recording of wages, interest payments, school fees in any situation where time and costings are involved.

# Kerridge Odeon

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cent, 5 per cent (tax free) will be paid December 15.  
Marac Holdings Ltd, unaudited pre-  
after tax for the half year ended  
September 30 was \$2,120,000 (vs \$  
\$2,180,000). A tax free interim divi-

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Marac Merchant Banking Group			
MONEY RATES AS OF 12/11/81			
	30 DAYS	90 DAYS	180 DAYS
LOCAL FUNDS - Commercial			
3mt prime selling rate % p.a.	15.1	15.8	16.5
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## Health Dept opts for 'decentralised' computing

by Stephen Bell

HEALTH Department preference for a regional, rather than centralised, configuration for a new computer network is not surprising, now departmental executives are proposing to replace the present system that has been dogged by controversy for six years.

The centralisation of processing power in the original network was already being called into question in 1975, when implementation was in its early stages.

Since then, smaller, more powerful computers and improvements in data communications technology have

brought "distributed processing" increasingly into favour. Centralised systems still have their advocates, most of whom point to the difficulty of staffing several regional processing sites.

Staff availability and morale in Auckland was credited as one of the reasons for the eventual rundown of the Auckland node and the centralisation of the network in Christchurch.

By making the software operable substantially automatically, and phrasing the interface in user rather than technical terms, the need for regional technical staff can be minimised, say the "distribution" advocates.

The Digital network had begun to reach its capacity in any case, said Shipp. Several hospital boards have adopted the system recently "and we've got a group of people waiting to come on."

Paradoxically, after all their troubles, "the systems are starting to come right" and attract users, he said.

But hospital boards on the Digital network still number less than half the total. The system was originally scheduled for upgrading this year to cater for further growth.

The controversy surrounding the system and culminating in the Auditor-General's report on Government computing

forced a complete change in this plan.

Redesign of the network has been under consideration for many months, and exploratory discussions have already been held with most of the major computer manufacturers.

But nothing definite will be decided until after the election, Shipp emphasised.

A party of Health Department, hospital board and State Services Commission representatives went abroad during the investigation to view overseas health department systems at first hand.

An "advisory board" of similar make-up has been keeping an eye on the deliberations

of the DP division and has doubtless contributed to the initial plans.

This body included three representatives of hospital boards, a reaction to the criticism that users were inadequately consulted by Touche Ross about their requirements.

Among other applications considered for computer implementation by the department is the pricing of prescriptions.

To date, this has been done entirely manually, but earlier this year a trial was run allowing the many pharmacies already equipped with computers and terminals to generate their own pricing.

The prescription pricing system could be put on the new network, but it appears more likely that it will use one of the hospital board computers displaced by the Digital network.

## Oringi row

by Ann Taylor

THE brand-new Oringi freezing works — manned by workers bucking the official union line by accepting new technology without agreement on concessions such as a shorter week — is shaping up as the centre of a major row over union coverage.

Only half a dozen of the 100 workers employed at Oringi have a union ticket and it does not seem the rest of the "first-timers" will be able to affiliate to the Meat Workers Union on the terms they seek.

Pacific Freezing Company's talks with the west coast branch stopped, after nearly a year, on October 29. The company would not concede a four-day week or a union say in who it should employ.

From applications which totalled around 1000 the company initially hired 49 men on November 2. A resolution was passed that the works should affiliate direct to the Meat Workers Union, rather than become a sub-branch of the west coast branch, run by Roger Middlemass and Ken Findlay.

Middlemass and Findlay have been central to the ongoing negotiations at Borthwick's Longburn plant and to the Pacific negotiations where a shorter working week was sought to retain staff numbers when new technology was incorporated at the plants.

Jim MacKay, a "self-employed butcher", and secretary of the self-appointed Oringi branch, opened a bank account to put the union fees in. He wrote to Meat Workers' general secretary Blue Kennedy asking what portion of the fees should be forwarded to the parent union.

Kennedy replied that MacKay was out of line in receiving fees without being an "authorised representative" of the union. MacKay says he has never seen that letter.

MacKay told NBR the workers were unanimous that there would not be any strikes. "A lot of them cannot afford to go on strike. They've got a lot of collateral tied up in houses and things. Problems will be sorted out on the spot. They're here to work."

"The gun to the head trick has been knocked on the head. It takes two to make a fight."

MacKay said the branch wanted to affiliate direct to the union on the same principle as the Imray works in Wanganui are part of the union. That union has its own officials.

Findlay, before the Oringi branch refusal to attend the routine west coast branch management committee meeting, told NBR "at this stage there is no intention to come on heavy about rules, legalities, laws and all that. We propose to invite them to the meeting and hope they attend."

Borthwick's, meanwhile, issued a joint statement with the west coast branch that an interim agreement has been reached to allow killing to start. Negotiations on a productivity scheme will continue.

## Rod Weir: sticking to the farming industry

by Tony Noble

A ROW of terracotta sheep's heads stood the facade of Crown Consolidated's new Wellington headquarters — an affirmation that the company's roots are still firmly down on the farm.

These roots have made for flourishing growth. For the 13 months to August 1981, Crown Consolidated returned a record profit of \$3,003,000, an increase of 52 per cent over the previous year.

Crown is now the third largest stock and station agent in the country behind Wrightson NMA and Dalgetys.

At the helm as chairman and managing director — and architect of the group's success — is 54-year-old Rod Weir.

Tall, silver-haired and softly-spoken, Weir suits his own description: "a salesman, auctioneer and stock and station agent". He looks as if he would be more at home conducting a stock sale, rather than planning million-dollar corporate acquisitions from Crown's brand new steel, glass and chrome boardroom.

And he says as much. "I often wish I was at a stock sale, mixing with farmers rather than sitting here behind my desk. But stock sales aren't challenging enough any more."

Weir's father died at 39, leaving his family to fend for itself in the harsh economic climate of the 1930s. He had worked for the Wanganui stock and station agency, Loan and Mercantile, until his death.

Rod left school at 15 to join the same firm. He did well, working in all divisions until he was appointed manager in 1963. In 1960 Loan and Mercantile had merged with Dalgetys and Weir faced a secure future within that well-established company.

But, he says, something drove him on. "I remember coming home from school one day and asking my mother if I could have a piece of chewing gum. She had to think for a moment — and then gave me half a piece. I was brought up watching people drive by in cars while I had to walk. Things like that give you the initial motivation to succeed; later success became an end in itself."

This drive to succeed led him to leave Dalgetys in 1963, when only two years before he had been made manager of the Wellington branch. "I had a burning ambition to start my own stock and station agency. I resigned, went to Levin and started Rod Weir and Company with capital I raised from my house and capital from my friends. In the first year we had a turnover of 740,000 pounds and a profit of 7,000 pounds."

But starting the country's first new stock and station agency since the 1920s was not a popular move with the other established agencies.

"They were extremely upset. First I was accused of unfair cost-cutting by charging a lower commission than the other agencies — totally untrue. They then went around telling farmers that if they sold stock to me they might not get their money."

"I suppose they felt threatened because as manager of Dalgetys I knew every farmer in the area. A lot of those farmers brought their business over to me."

The other agencies went as far as to refuse his application

for membership of the New Zealand Stock and Station Agents Association. Things have changed — now he is vice president of the association.

Despite the opposition of the other agencies, Rod Weir and Co soon became a thriving concern, eventually gaining around 60 per cent of the stock and station business in its area and branching out into finance, real estate and a car dealership.

In 1969 Rod Weir and Co joined forces with Newton King, the New Plymouth-based stock and station agent.

"Looking back, I sometimes wonder if I did the right thing," Weir muses. "At the time I had a thriving business, money in the bank and a good life-style. Why didn't I stay where I was? Well, you wonder, I'm so small; how can I get bigger? You see opportunities and you take them."

Through the 1960s Newton King had been a reasonable performer, gaining strength from the acquisition of the Wanganui Stock and Station agent Freeman R Jackson and the Gisborne Sheepfarmers Mercantile.

The merger with Newton King was an important step for both companies: Rod Weir and Co joined forces with a larger company; Newton King gained a highly profitable partner.

"When Rod Weir and Co decided to increase its capital in 1969 we agreed that Newton King would subscribe for enough of the capital to give it a 50 per cent equity in Rod Weir and Co. At the same time I joined the board of Newton King and then in 1972 became managing director of the group," Weir recalls.

"One of my first decisions was to move the group headquarters from New Plymouth to Wellington, closer to the centre of banking and government."

By 1977 the Newton King group had grown into a semi-national company and for corporate identity reasons a new name was sought. Crown Consolidated was chosen — "the best name we could think of" — and armed with this new identity the group continued its rapid expansion.

First to come under the Crown umbrella was New Zealand Farmers Co-operative Distributing Company Ltd in 1978; soon to follow were Ewan Export Ltd, Glendene Meats Ltd, Brooks Smallgoods Ltd and Sutcliffe's Drapery.

By 1980 Weir was able to report to shareholders an increase of 90 per cent in total group turnover.

"The acquisition of these companies has increased the size of our group by over one-third and has helped us to expand our wool handlings by 40 per cent, cattle numbers by 18 per cent and livestock turnover by 170 per cent," he says.

"In addition, we have been able to expand our finance subsidiary to nearly \$9 million in receivables, develop a sound commodity trading business through our export division in Wellington and increase total group turnover by more than 90 per cent."

Crown's largest and most recent acquisition was the Tamaru-based stock and station agent, Canterbury Farmers Co-operative Association, in November 1980. This acquisition has substantially lifted group profitability.

Today, Crown is undoubtedly

in a strong position. It is a market leader in a secure field of enterprise — no stock and station agent has ever failed. And it is returning substantially more than the industry average at 9.4 per cent.

Weir says a stock and station business will never return the same as a well-run manufacturing business — 15 to 20 per cent — but this year Crown will report an 11.4 per cent return on shareholders' funds.

The group's trading philosophy has been to grow through acquisitions generally within the stock and station and related business area. This, says Weir, will continue.

"A combination of profitable acquisitions and aggressive sales and marketing will continue to be the key to increased growth and profitability," he says.

"We are going to pursue the

export business aggressively, but we are not going to take capital and services away from the farmer. Rather we intend to assist the export drive by stimulating increased production of sheep, cattle and wool."

Crown will pursue a cautious policy on horticulture: "I have a fear about horticulture. I think the euphoria surrounding it at the moment could be short-lived."

"I wouldn't like to see New Zealand change direction away from lamb, beef and wool where there are so many markets for those products."

"It is a matter of greater production, rather than marketing. Farmers should concentrate on breeding ewes rather than planting 30 or 40 acres in boysenberries, blackberries or whatever."

Weir is relaxed about the possible prospect of a change in government. "Whichever political party comes to power will have to recognise that agriculture is the most important thing for the country — it still produces 85 per cent of the exports. And therefore they will always assist it."

"Commercial firms have got more out of the National Government through export incentives than have farmers through supplementary minimum prices," he notes.

Because of the group's new name and because of its policy of allowing its subsidiaries to trade under their own names, Crown has a low profile. This will change, though.

"We have a very definite policy of becoming higher profile: press briefings, talks to Rotary and other groups,



awards to young farmers — we plan a whole range of things to give Crown a higher profile," Weir says.

But one thing won't change, he says — Crown's policy of growth through aggressive marketing and acquisition.

"We believe we are one of the purest stock and station agents in the country — we are going to stay pretty well within the traditional area; the growth is in the farming industry and we are going to stick with it."

Accounts, Page 19.



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London 1980: Autumn Riesling (1979) — GOLD; Cabernet Rosé (1979) — GOLD.

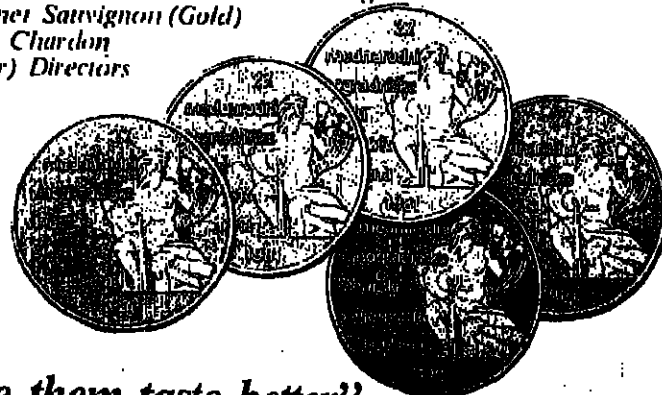
In Ljubljana at the 1981 International Viticulture and Wine Growing Fair.

1980 Rhineland (Gold) 1978 Cabernet Sauvignon (Gold)

1980 Blenheim Riesling (Gold) 1980 Chardonnay (Silver)

1980 Woodhill Claret (Silver) Directors Port (Silver)

In London at the 1981 Wine and Spirits Competition Directors Port (Silver) Chardonnay (Silver)



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## Analysing annual accounts: Crown Consolidated

by Klaus Sorensen  
THB analysts can probably abandon any ideas of trying to assess the "quality" of Crown Consolidated Ltd's 1981 earnings from the latest annual report.

It's actually a very good report and considerable effort has been put into such things as divisional disclosure.

But consider the fact the company's financial year extended for 13 months and one day, included a six-month contribution from a major acquisition, and, for good measure, incorporated two July months — traditionally the worst "jewel" in Crown's financial year.

Chairman Rod Weir stresses these factors in his review, but it is clear that it would have been nearly impossible for the financial statements to have been adjusted and qualified to take the extraordinary influences on the company's trading year into account.

The best advice is probably to wait for the 1982 annual report to see how the expansion works out before making any judgments on Crown.

One of the first things that becomes apparent from the profit and loss account is the fact the company's 52 per cent net profit increase (for the 13 months and one day ended August 1981) was substantially financed by a much lower tax provision — which in turn occurred because of the inclusion of sizeable export tax benefits.

The profit was up from \$1,969,000 to \$3,003,000, after the tax provision fell from \$1,426,000 to \$744,000.

The pre-tax profit was up a meagre 6.9 per cent after expenses rose at a faster rate than total income.

The six-month inclusion of Canterbury Farmers Co-operative Association results (in the seven-month-and-one-day second "half" of the year) helped to boost total turnover from \$282.7 million to \$376.2 million.

Group income was \$125.7 million, up 50 per cent on the figure of \$83.6 million for the 12 months to June 30, 1980 and the cost of sales was up 48 per cent, from \$71 million to \$105.2 million, leaving a gross profit up 62 per cent from \$12.7 million to \$20.5 million.

A few problems in the stock and station business with weakening prices and facial



Chairman Rod Weir (right) with group manager W A Brabyn... 13-month year

eczema outbreaks meant commissions on sales of livestock, wool, real estate, insurance, travel and shipping rose at the slightly lower rate of 26 per cent, from \$7.8 million to \$9.9 million.

In addition, there was other income, including a rise in interest received by Crown Finance NZ Ltd, from \$3.1 million to \$5.1 million, leaving total income up 50 per cent, from \$23.8 million to \$35.8 million.

But the problem appears to have been that with the incorporation of two July months, there is little income for two months yet operating expenses were still incurred.

The result of a 57.8 per cent rise in expenses, from \$20.3 million to \$32.1 million, was that the pre-tax profit was up by only 7 per cent, from \$3.4 million to \$3.7 million.

In other words, there was little income for two months of the year against which the company could write off its continuing operating expenses. After the lower \$744,000 tax charge, plus extraordinary items of \$90,000, less minority interests of \$60,000, the net profit was \$3 million, up from \$1.9 million in 1980.

The two main contributions to the rise in expenses, from \$20.3 million to \$32.1 million, were a rise in interest costs from \$2.7 million to \$4.9 million (most likely a combination of the CFCA interest charges and growth in the Crown Finance subsidiary) and a 49 per cent increase in salaries, wages and commissions paid, from \$12.3 million to \$18.4 million.

The current year could see a reversal of this situation, both in a recovery in operating income to give a wider margin

over expenses, and in the likelihood of rationalisation "benefits" such as staff non-replacement and branch amalgamation, which could lead to a reduction in the rate of increase of salaries, wages and commissions in relation to income.

The note to the accounts on taxation shows the effect of concessions and allowances on the pre-tax profit and the tax provision, but no comparable figures are provided because of the acquisition of CFCA, the different accounting periods and the difficulties in adjusting last year's figures to produce a comparison.

The pre-tax profit of \$3.6 million was reduced to \$2.8 million by deductions for specified dividends and non-assessable income of \$185,000, export allowances of \$495,000 and investment allowances of \$333,000.

The assessable income of \$2,791,000 produced a tax provision of \$1,256,000 at the standard 45 per cent rate, less export tax credits of \$277,000, previous tax losses of \$310,000 and a previous year's under-provision of \$15,000 — the result being a taxation charge of \$744,000.

Though the company doesn't say so in as many words, it seems a substantial part of the export benefits would have arisen from the Feron Seafoods fishing venture owned by CFCA.

In 1980 the pre-tax profit was \$3.4 million and the tax provision \$1.4 million — suggesting there was little in the way of deductions to reduce the tax provision.

A separate performance by division and group income statement in the back of the report gives divisional turnover figures and percentage con-

\$43 million came from farm merchandise, produce and machinery, then motor at \$25.3 million, meat and fish processing at \$20.7 million, retail was \$16.2 million, grocery and supermarket was \$15.9 million and wine and spirits at \$4.7 million.

Of commission sales, livestock accounted for \$108 million, real estate \$88 million, wool \$51.7 million and travel at \$2.2 million.

The largest contributor to group income was the trading division, at \$20 million, with commission at \$9.9 million and the finance, travel and shipping activities around \$5 million — a total of \$35.8 million.

In percentage terms the largest earners were farm merchandise, produce and machinery at 16.2 per cent of group income, followed by retail with 12 per cent, livestock at 11.6

per cent, then meat and fish processing at 9.8 per cent and interest (from sources other than Crown Finance) at 8.8 per cent.

The balance sheet shows total shareholders' funds up from \$19.3 million to \$33.9 million, including a rise in issued capital during the year from \$6.6 million to \$12.3 million.

Term liabilities are up, from \$2.8 million to \$7.1 million, while current liabilities increased from \$27 million to \$42.3 million.

In addition Crown Finance had total assets of \$13 million by balance date, liabilities of \$4 million and current liabilities of \$7.3 million.

Consolidated fixed assets have climbed from \$12.1 million to \$29.1 million and current assets are up from \$35.6 million to \$54.7 million.

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THE BUZZ IN CHRISTCHURCH

## Salaries

### DP pay downplay — merely delay

by Stephen Bell

SPRING has come a little late this year for the members of the highly paid data processing profession.

A quarterly survey of salary levels, run by consultancy Group Management Services Ltd, shows a surprisingly low boost of 6.1 per cent average for the June-to-August quarter, usually the time of year which shows the big annual pay rises.

The figure is more surprising given that it includes June's 5 per cent general wage order.

Are the purveyors of the new technology at last coming down out of the clouds to a level of pay increase more in line with the rest of the population?

Unfortunately, not. Spot-checks conducted just after the survey data showed that the big rises were beginning to arrive

again; they were just a little delayed, and are expected to show up with a vengeance when GMSL takes its next survey.

The slight postponement could be due to apprehension of this month's big event, leading organisations to be more careful about how they spend their money just yet.

Added to the doubts of management is the fact that DP salary rises are to some extent driven by movement of staff in an industry where trained personnel is scarce.

Much boosting of pay levels is aimed simply at preventing employees shifting to another company.

For some unaccountable reason — perhaps another manifestation of pre-election caution — DP staff movements hit an unusual low from March

to October; and when the staff are in no danger of moving, there's not much point doling out extravagant rises and promotions.

But since October, the pent-up flow of resignations and job interviews has started again, and with it, the deferred annual pay increments.

Observers of the marketplace now reckon on a 20 per cent average increase for DP people over the whole of 1981, with claims in other industries ranging around the 10 per cent mark.

The GMSL survey shows a continuing trend for the around \$30,000-a-year senior personnel in the DP department to pull further ahead: than the \$15,000-or-so rank-and-file programmers and analysts, probably again a reflection of relative demand.



# Neighbour with golden touch good touch for NZ

by Allan Parker

UP in the highlands of Papua New Guinea, just a spear's throw from the Indonesian border, a mountain called Ok Tedi is presenting a problem of the sort New Zealand could well do with.

Hidden in the mountain is a massive ore resource that will make Papua New Guinea the world's second largest copper producer when it comes into production in the mid-1980s.

But to get to the copper ore, the Papua-New Guineans have to take the top off first, and they say that contains enough gold to make them the world's third largest gold producer.

Ok Tedi will thus provide the answer to a problem that has worried the Papua-New Guineans for some years: what to do when the coppermine on Bougainville — among the world's largest open-cut copper mines — runs out towards the end of the century.

Now, with continuing mineral riches assured (and promising finds of natural gas) as an economic base, the Papua-New Guineans are thinking more seriously about a broader-based development programme.

The visit to New Zealand later this month of an investment mission of government officials and private business people reflects this attitude towards industrial development.

The eight specific projects isolated by the mission members also reflect the gradualist approach to manufacturing.

The shopping lists for New Zealand investors centre on natural resource processing or import substitution. All emphasise the PNG interest in obtaining not only equity investment and product on facilities but also technical skills and knowledge.

Some key facts:  
GDP (1980): \$3052 million.  
Exports: \$1160.5 million.  
Imports: \$1178.5 million.  
Foreign exchange reserves: \$482.9 million.  
Corporate tax: 38 per cent.  
Personal tax: 4 to 50 per cent (graduating scale).

And while perhaps on a minor scale, compared with trade missions from the industrialised nations, the PNG initiative is regarded in Wellington as a significant step in trade-link promotion between the two countries.

It is certainly the first tangible result of the state visit to New Zealand by Premier Sir Julius Chan last July.

Politically, relations between both countries are good; New Zealand and Papua New Guinea officials say there are no major (or even minor) issues clouding the waters of diplomatic contact.

Sir Julius took a moderate view of the Springbok tour when he was here, in the middle of the controversy.

While speaking as a developing country opponent of the tour, he was adamant that "it is our firm policy not to interfere with the internal affairs of this country (New Zealand)."

Trade officials attach greater importance to an Auckland Chamber of Commerce speech in which Sir Julius outlined his country's policy towards investment, trade and industrial development.

New Zealand officials regard the speech as the definitive attitude of the PNG Government.

Sir Julius emphasised the PNG view that foreign investors must expect the bulk of profits to be retained within the country and rejected the theory that aid money should be spent

on goods or services from the donor nation.

With unusual but refreshing candour, Sir Julius spoke about our trade links and Papua New Guinea's attitude.

"Reality is that we are both very small South Pacific nations. Reality is that we are both striving to find export markets, and the biggest reality of all is that there would appear to be very little chance that Papua New Guinea will ever be able to export much more to New Zealand than it presently does."

Sir Julius described PNG's attitude towards foreign investment, particularly for resource development, as "simple" and "logical".

"We know that we need the investment, not just in one single project but on a continuing basis."

Referring to PNG — New Zealand trade prospects, Sir Julius was equally frank:



Copper mining in Papua New Guinea... the slurry with the gold on top?

"We are aware that investors require a reasonable assurance that they will get an adequate return if the project is a success — at the same time, we do not believe in offering terms which will provide a large surplus to the investor over and above that adequate return."

Referring to PNG — New Zealand trade prospects, Sir Julius was equally frank:

"Where expansion of trade between our countries may take place, well and good, but let us not fool ourselves that there can be any expansion which could be described as dramatic, and please let us not imagine that the present imbalance can be lessened to any marked degree."

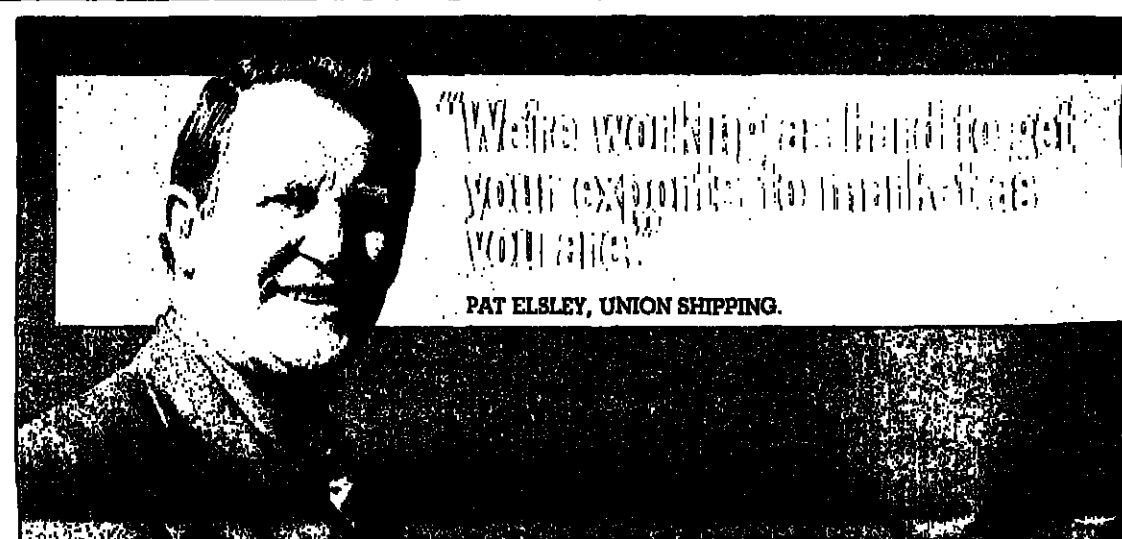
Rather, Sir Julius saw the sharing of knowledge as "the

most important role between our two countries."

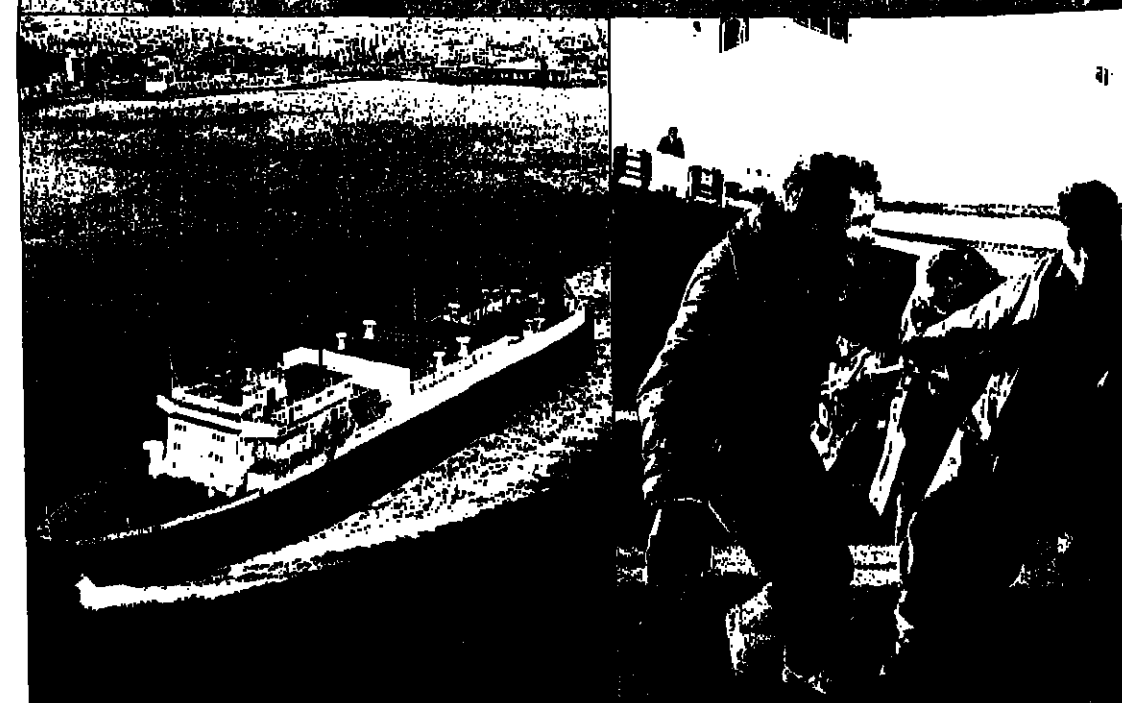
The strong emphasis on technology and know-how in the shopping list the PNG trade mission is bringing to New Zealand this month bears out Sir Julius' attitude.

The PNG attitude, as outlined in that speech, is clearly nationalistic, but tempered by

Continued Page 21



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# Plenty to chew on in PNG for NZ investors

by Allan Parker

FROM our useless-facts-to-chew-on department: Papua New Guineans munch their way through a quarter of a billion pieces of chewing gum a year.

Well, not quite useless for any New Zealand company which might be interested in cornering the PNG chewing gum market.

A 400-tonne a year chewing gum factory is on the shopping list of a PNG investment mission coming to New Zealand at the end of this month.

The mission members — from both the public and private sectors — will be trying to sweet talk prospective investors into joint venture projects designed to develop PNG's fledgling industrial base.

The proposal for confectionery and chewing gum manufacture, for instance, re-

quires 100 per cent New Zealand equity.

The Papua-New Guineans have identified seven other specific developments they are keen to get off the ground:

● **Aluminium boat assembly:** PNG is looking for joint venture partners to provide capital, know-how, trade name and marketing expertise and to do forming of sheets and assembly in PNG.

● **Bolts and nuts:** PNG needs joint-venture capital, machinery and know-how to manufacture standard black carriage bolts and nuts. A market exists for 300 tonnes a year.

● **Welding rods:** The mission is looking for joint ventures to manufacture a standard range by digging.

● **Wood veneer:** The newly developing nation requires joint-venture partners with an

existing sawmill to produce sliced veneer for export. Partners must have capital, know-how and knowledge of export markets.

● **Dairying:** A joint venture with a company with developed pasture is envisaged, producing milk for existing processors.

● **Coconut wood processing:** Here the need is technical know-how and market access. Only a small PNG equity participation is possible.

● **Fruit and vegetables:** Wanted are investors to grow or process sweet potatoes, pineapples, avocados, cassava, limes and grapefruits. These investors must have technical know-how and access to market.

The investment mission is a direct spin-off from the visit to New Zealand in July by Prime Minister Sir Julius Chan. He became interested in the

Pacific Islands Industrial Development Scheme — a New Zealand Government-sponsored package of incentives designed to promote industrial development in the Pacific Islands.

Since independence, Papua New Guinea has become more active in the Pacific and Sir Julius was keen to explore the possibility of PNG companies participating in the scheme.

Senior New Zealand officials later visited Papua New Guinea to explain the scheme and New Zealand's investment potential to the locals. From that series of meetings, the investment mission has emerged as the next step in the process of expanding ties between both countries.

Although the mission is coming to New Zealand with a detailed list of projects, PNG officials in New Zealand say

other proposals from interested New Zealand companies or investors will be welcomed.

The mission is tentatively booked to spend December 1 to 3 in Auckland (including a mini-investment seminar for Auckland's commercial community), December 4 to 7 in

Wellington and December 8 to 9 in Christchurch.

FOOTNOTE: *NBR* can report that New Zealanders chew their way through about 1000 tonnes of chewing and bubble gum a year, one of the highest per capita consumption rates in the world.

From Page 20

pragmatism towards foreign investment, technology and skills not available within the country.

For instance, the country offers foreign investors in approved areas a raft of incentives, including accelerated depreciation, the provision of infrastructure, double tax

deductions for company training schemes ("We put particular emphasis on this," says one PNG official), an infant industry loan scheme, no import duty on capital goods and, in keeping with the current New Zealand mood, an export incentive scheme exempting 50 per cent of profits from taxation.

New Zealand has been steadily increasing its activity in PNG. Most interest has centred on the construction industry, in which New Zealand companies have won multimillion dollar contracts.

The Trade and Industry Department's annual report this year notes: "Papua New Guinea has become New Zealand's fastest growing South Pacific market."

Exports last year increased by 70 per cent to \$48 million. Imports from PNG were only \$6 million, however, leaving an 8:1 trade balance in New Zealand's favour that the PNG Government will become increasingly anxious to redress.

Our major imports from PNG are commodity-based:

coffee, hardwood timber and tea.

If the manufacturing sector develops as planned (projected growth: 10 per cent a year), pressure will undoubtedly grow for more access to the New Zealand market, among the other markets PNG will seek.

Manufactured goods now contribute about 14 per cent to PNG's gross domestic product and the industrial sector provides 25 per cent of new wage-based jobs being created (many Papua-New Guineans remain on subsistence living).

There are problems within the economy, however.

At the same time as Sir Julius was touring New Zealand, the United States Commerce Department was describing the two most serious short-term problems facing the PNG economy as inflation (11.8 per cent) and a deteriorating balance of payments.

A 22 per cent rise in Government spending and a mid-year credit squeeze have also affected the economy.

But Government ministers have maintained these are just short-term problems and echoed Sir Julius' earlier remarks that only fools could ruin PNG's economy.

The exploitation of that Ok Tedi copper mountain with the gold cream on top will certainly act as a buffer against any such fools that might appear within the governing ranks for the next few decades.

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## Marketing planning reduced to nutshell dimensions

by Grev Wiggs

A NUMBER of companies have used to their advantage the marketing plan flow chart devised by Professor Steve Bridges, of Massey University, and first published in 1978.

But when Bridges made it the subject of his address to the recent SMEI marketing convention, it was obvious that the material was completely fresh to a high proportion of conferees.

It certainly merits a wider audience and more widespread usage.

Marketing plans, it is painful to admit, are still relatively new in certain sectors of our manufacturing and distribution economy, particularly with smaller businesses.

Once introduced to the concept of a marketing plan, the tendency of the marketer is to ransack textbooks on the sub-

ject and produce a multi-page report which few have time to read and still fewer understand. Many plans, it would seem are written to impress the present boss — or perhaps a future one.

Bridges, after having experience in large, medium and small marketing companies, realised that the sophisticated planning formats adopted by large companies, where millions of dollars might be at stake, are beyond the manpower and financial capabilities of a small company.

In a small company, the marketing manager usually has more products to manage, lacks the back-up of specialists, is a "doer" rather than a planner.

Comprehensive marketing planning is not so necessary for small companies as their marketing is usually simpler and offers a lower level of return.

On the other hand, the alternative to sophisticated planning is not to dispense with formalised planning altogether. That can be an invitation to disaster, Bridges points out.

A short form marketing plan therefore has much to commend it.

The solution that Bridges arrived at — the Marketing Plan Flow Chart (MPFC) — is confined to one sheet of paper, even although a large one.

The MPFC is arranged in three vertical panels with the space devoted to each major element proportioned to its importance. Directional arrows ensure a logical and systematic flow of thought for both writer and reader.

The first section, occupying one-third of the chart, concerns itself with the type of information that should be included if it is available, embracing

market trends, competitive analysis, government regulations, economic and company analyses and research findings.

Bridges is quick to point out that there will be few small companies which will have information on all the categories of information desired, a situation which puts greater reliance and hence greater risk on the use of assumptions.

The assumptions must be clearly listed so that they may, in future, be identified as a point of misdirection if something goes wrong.

This initial section will quickly highlight the gaps in knowledge and frequently the paucity of data on which decisions have been based.

The planner moves from here to a scrutiny of the consumer benefit and market segment. This is the nucleus of the whole chart. All information

and all planning must relate to the decisions made under this heading.

Bridges suggests that "the success or failure of the company's programme is largely dependent upon how well it defines the benefit it will offer and who will be receptive to it."

Having defined the market segment, the marketer is in a position to establish its financial and marketing objectives which form the next section of the plan. Here it can set sales and profit expectations, decide the communication objectives and set goals for market share.

The next section deals logically enough with the marketing strategy to be employed in order to secure these targets.

The marketer has to consider his broad overall plan. How and where will the company position the product or service on the market? What is the desired image to be? What are the broad promotional and communication strategies? What are the budget intentions and what research is planned?

Next in sequence is the important section dealing with the marketing mix and occupying one-third of the chart's area.

Here there are 15 elements for consideration, ranging from product naming and packaging to credit strategy. The listing ensures that each component of the marketing mix is subjected to the detailed examination that will ensure a balanced marketing approach.

This leads to the final section which poses the question of the marketing audit and how and in what form it will be conducted.

The flow chart is not intended solely as a sequential alpha to omega operation. It can feed back at any point so that, when any element of the marketing mix is under consideration, it is simple to refer back to the psychographic and demographic descriptions of the targeted market segment to check its relevance.

From his own experience and those of other companies who have used the MPFC, the author claims a number of advantages.

### The adze column

YOU have to look for words like "jingoism" (aggressive nationalism, says the dictionary appropriately) and "mawkish" (sickly sweet) to describe the first of the political TV commercials we were forced to view.

The hammy lyric didn't help and cabinet ministers found that location shooting isn't as simple as it looks when you have to do two things — walk as well as talk — at the same time.

Pantomime figures in kiwi costumes aimed at a kindergarten level of political awareness do nothing to restore our faith in the maturity of political parties.

While talking heads are just that.

It seems that we can sell goods and services on television much more effectively than we sell political parties.

Probably because the marketing clients are a lot more sophisticated.

YOU would have seen in this paper as well as in others, the

It is cost-effective, he claims. A marketer with a good grasp of the business can complete a draft of the MPFC within hours — or, at most, a few days.

It disciplines the planner to reduce everything to its essence. It highlights gaps in factual knowledge and demonstrates the degree to which assumptions are relied on. This acts as a spur to setting priorities for the substitution of facts for assumptions.

"A handwritten draft serves as an excellent basis for discussion with those people who the planner values for advice," says Bridges. Copies can be distributed for comment and contribution.

A particularly important aspect of MPFC is its value as a communication tool. In presenting the marketing programme to the sales force, sales agent or distributor it provides a thorough, logical and systemic presentation which can be amplified by any other audio-visual technique as required.

And it can be a convincing selling aid in proving to the sales force or sales agent that the programme is soundly based — as well as an effective rebuttal to subjective criticism.

Bridges' innovative paper certainly achieves what it set out to do.

It provides a comprehensive yet simple and logical approach to marketing planning that is particularly suited to the needs of small and medium-sized companies — and, we believe, for single-brand operations of large companies.

In a short review it is not possible to list completely the subject matter covered. Suffice to say, no important aspects of the marketing process can be overlooked or omitted if the plan is assiduously followed.

Put very simply, it is a must, even for its checklist function, for those companies for which it is designed.

The Marketing Plan Flow Chart of 34 typewritten pages includes a reduced copy of the chart itself. It is published by the Market Research Centre, Massey University, from whom it is available at the very modest price of \$5.

Department of Labour ad headed "People. New Zealand's soundest investment". It offers a quick guide to employment and training assistance now available.

It helpfully sets out six programmes available to employers. And features a "hotline phone" number.

A businessman, having suddenly needed for a staffer, thought that his company might use one of these schemes to advantage.

He rang the hotline.

The answerer, pleasantly courteous, had never heard of any schemes. She passed the inquirer on to someone else who was equally polite and equally ignorant of the detail.

Yes, the inquirer did eventually get the information, probably from a late-winter line.

The moral is that in any marketing operation — and what else is this? — the moment when product and prospect meet generally decides whether you take off or stay on the launching pad.

## Believe it or not . . .

by Claudia Perkins

THE recently taken over American airline, Continental Airlines, has modestly launched its latest promotion campaign to the theme tune from TV's *The Greatest American Hero*.

Clad in "the greatest American hero" tights, T-shirts and capes, Continental sales staff sally forth to the taped accompaniment of the popular song, to visit travel agencies on Tuesdays, Fridays and Saturdays.

Clasped to their bosom is a large bunch of carnations, distributed to travel agency staff as a tacit reminder that those are the days of Continental's flight departures under the new schedule which took effect at the end of October.

The idea behind the promotion is that for four weeks the travel agency staff will become accustomed to finding a flower on their desks, remember the day, and remember the schedule. At the end of the four

weeks, when the promotion stops, the promotion should work in reverse — there will be no flower, the agent will remember the day and remember the schedule.

The promotion is the brainchild of Continental's new marketing manager, Ray Holden.

He said an initial response had been: "But we don't do things like that here."

The sales staff were lucky. One idea had been for them to make their visits dressed in chicken costumes. That had been vetoed in favour of the *Greatest American Hero* theme.

The campaign is a precursor to Continental's "aggressive" marketing policy planned for 1982, based on the current "pride" campaign and on the in-flight benefits revealed in the results of an independent

survey which holds that Continental is the most preferred carrier for regular travellers. All this will be aimed at increasing Continental's 40 per cent of the North American market.

Continental was taken over in October by the Texas Air Corporation, joining New York Air and Texas International, but Holden says the airline received assurance that it would continue its South Pacific service for at least four years before there would be any change.

Indeed, the Senate Investigative Committee questioned the Texas Air Corporation about this before the takeover and asked about redundancies.

The Texas Air Corporation denied there would be redundancies if Continental continued to run profitably.



## Watch this space . . . if you're game

by Claudia Perkins

THE new game in town involves avarice, political manipulation and financial wrangling, not to mention the opportunity to buy and sell some of New Zealand's largest companies. And it doesn't end on November 25 to be resumed three years hence.

It's called Poleconomy, a board game akin to Monopoly. But instead of buying Kings Cross Station or Mayfair, players buy and sell the Kiwi Bacon Company, Mount Cook Airlines or ICL, and manoeuvre takeover bids through Broadlands.

These companies have paid \$5000 for their place on the board for the pleasure of being bought, sold, manipulated, bankrupted and kept in the public eye.

Each company is exclusive — there is only one of each kind on the board and no competitors from other companies in a particular industry.

The advertising contract is renewable every three years.

Poleconomy, so-called because of the mix of politics and economics integral to play, the game was invented by New Zealander Bruce Hatherly.

He spawned the idea four years ago, then spent the next three years refining it and bringing the board down to manageable proportions.

Poleconomy finally went on to the market in Australia just before Christmas last year, and rapidly sold out. Sales have boomed ever since.

Several years from realising.

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# Slurry pipeline — BHP's solution for moving coal

by Klaus Sorensen

SLURRY pipelining of coal is emerging as a viable alternative to traditional systems such as rail and road transport — and the slurry pipeline has the added advantage of being virtually inflation-proof.

The reason is that once constructed the slurry pipeline involves very little operating costs — an important factor in assessing the viability of any potential coal resource.

The Australian steel giant BHP is anticipating a major increase in its coal production and exporting activities over the next 20 years and has launched a major joint-venture research project with BP Australia into slurry pipelining.

The result is a \$2 million system which goes under the name of IPTACSS — Integrated Pipeline Transportation and Coal Separation System — a neat process which includes processing functions in the transport method. Simply, this method cleans the coal as it travels.

Dr Geoff Rigby, the research and technical development manager for the BHP-BPA joint venture told *NBR* recently, "slurry pipelining is a viable alternative for transport because, quite simply, it is inflation-proof."

While the pilot plant established by the joint venture at Newcastle is designed essen-

tially for handling steaming coal, rather than coking coal, further developments are expected to cater for the high-quality coking coal.

Rigby says the relative capital costs of slurry pipelining are lower than conveyors or traditional transport and cites significantly lower operating costs; his calculations show the cost of transporting coal over a set distance using a slurry pipeline works out at 8.2 cents a gigajoule.

This compares with 20.3 cents a gigajoule for a high-voltage electricity system (such as a conveyor), 12.9 cents using diesel, and 15.7 cents using electric rail transport.

One of the main attractions for Australian coal producers of the slurry transport method is its suitability for transporting export coal to offshore bulk carriers.

Australia exports 53 million tonnes of coal a year but this is expected to rise to 110 million tonnes by 1990 and 180 million tonnes by the year 2000.

According to BHP, "in order to achieve these forecasts and to handle the increase in local demands, existing land transportation systems will require significant upgrading, extension and duplication to deliver the product to shipping ports and processing plants."

The company believes this expansion will result in more congestion and escalating costs and environment problems for

existing rail and road systems. BHP concludes, "slurry pipelines offer an attractive alternative mode of transportation which is subject to minimal escalation effects and is very much more environmentally attractive."

But slurry pipelines are nothing new.

A number of coal slurry pipelines exist in the United States; the oldest, installed in Ohio in 1957, stretches 174 kilometres and carries 1.3 million tonnes of coal a year.

The largest is the 439km Black Mesa pipeline built in 1970 to handle 4.8 million tonnes a year, but several other pipelines are planned to run 2000 to 2500km, capable of carrying up to 25 million tonnes a year.

At the discharge the slurry is stored in ponds and the coal is recovered by centrifuging the

Russian Urals, which extends 3100km.

Slurry pipelines also carry copper concentrate, gilsonite, limestone and iron concentrate. And in this last category New Zealand Steel's Waipipi slurry pipelines are of world ranking size. The Waipipi land pipeline is 6km long and carries one million tonnes a year while the offshore pipeline is 3km long and also transports one million tonnes of concentrate annually.

But current pipeline technology is limited to situations where the coal is supplied to a captive power station. The coal is initially crushed to a top size of 3mm, mixed with water to produce 45 to 50 per cent slurry by weight and conveyed through the pipeline by pumps at intervals along the line.

The plant sought to develop a new system to transport coal as a slurry, but also to remove foreign materials and lower the ash content and to recover the coal in a suitable condition for coking on an economic basis.

The result has eliminated the conventional coal washeries

and produces a much greater yield of "clean" coal.

The pilot plant handles 30 to 50 tonnes an hour and involves crushing and grinding the raw coal and mixing it with water to produce a fine coal slurry.

By adding a liquid hydrocarbon such as oil, the clean coal is separated from unwanted mineral matter and yields a stable slurry with what the company calls "attractive pumping characteristics".

This also results in an enlargement of the clean coal to form round agglomerates up to 4mm in diameter.

The slurry is stored in ponds and recovered by pumping the slurry through a dewatering screen, where it is cleaned.

A raw coal containing 45 per cent ash would emerge from the IPTACSS process with ash around 10 per cent and a similar moisture content.

Less than 1 per cent of the coal is lost in the refuse, compared with 15 to 20 per cent with conventional washing.

Where it is uneconomical to leave the oil with the coal, it is recovered and recycled, leaving less than 0.5 per cent of residual oil with the coal.

Unlike coal from existing pipelines the IPTACSS material is suitable for export as coal-oil mixtures for coking, steaming and power generation, cement kilns and similar combustion and coal conversions operations.

And for export applications, the use of ponds close to the plant to blend and store coal under water can be coupled with reslurrying and pumping to ships through a submerged pipeline and a single-point mooring buoy.

Slurrying also ties in with the trend to use larger bulk carriers; instead of ships of 75,000 deadweight tonnes, the industry is now talking of 200,000-tonne ships.

According to BHP, "the use of offshore loading and unloading facilities using slurries would make the use of these

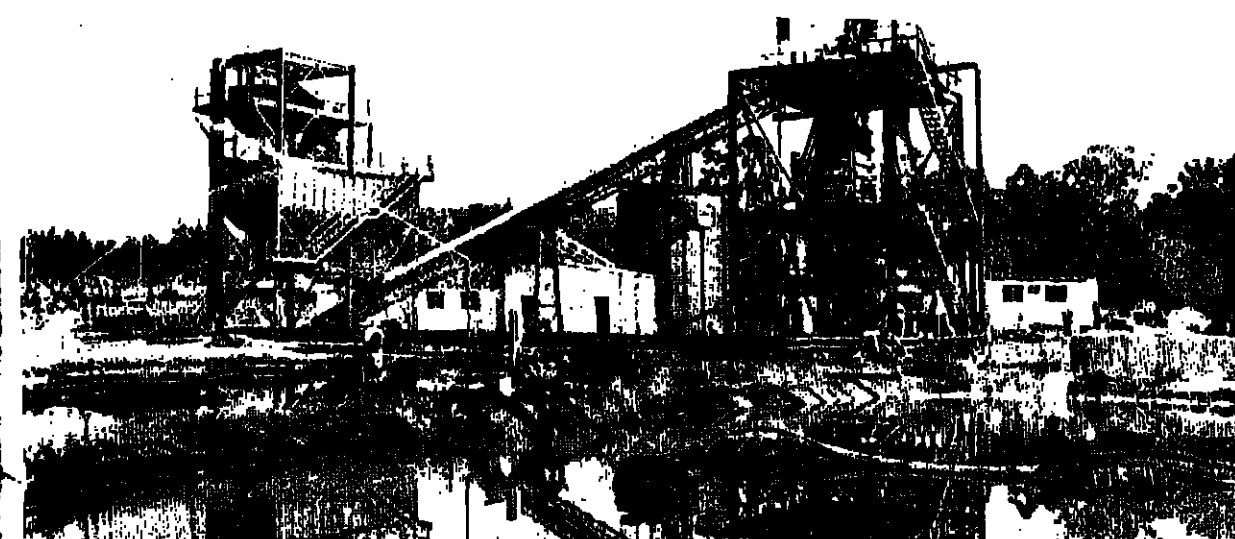
# cheaply to offshore bulk carriers

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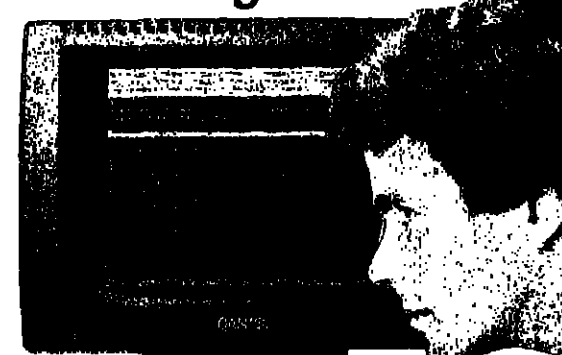
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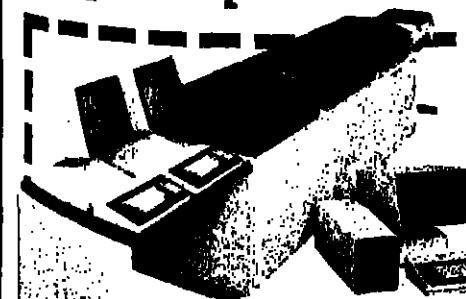
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## Job creation and social injustice

by Tom Dwyer

TO GIVE everyone a fair go is a fundamental Kiwi value — everyone should have a chance to get a decent schooling, decent health care, decent housing, a decent job.

No one denies that unemployment is depriving many Kiwis of the right to a fair go. It is hard for many people to accept that unemployment is particularly harsh in its treatment of women, Maoris,

the handicapped, the unskilled. — In other words, the disadvantaged.

True, unemployment does hit men, pakehas, the fit, the skilled. But it does not hit them as hard as the underprivileged social categories.

Unemployment thus promotes economic and social inequality, and is changing the country's social structure.

To what extent do the Government's short-term job creation and training pro-

grammes counterbalance the inequalities produced by unemployment? That question is not being asked in the public debates on unemployment; no research, apparently is being carried out on this topic; the only way to provide an answer is through an analysis of publicly available statistics (which allows only a limited range of areas to be examined).

An analysis of the Department of Labour's *Monthly Employment Operations* statistics quickly points to districts that have registered unemployment rates consistently higher than the national average. Among these are Manakau, Napier and Hastings.

These three administrative districts contained 16.4 per cent of the nation's registered unemployed in August 1981, but only 6.7 per cent of the national total of Government-subsidised job creation or training positions.

In marked contrast is the performance in Palmerston North, Wellington, and Greymouth districts. They have 9 per cent of the nation's unemployed, but more than 12 per cent of the job creation or training positions could be found.

For workers (or would-be workers) in these areas, this means that:

- Of every 10,000 workers in Manakau, Hastings and Napier districts, 651 are registered as unemployed or on job creation or training programmes. Of these, 114 have been able to benefit from Government assistance programmes, leaving 537 out of work.
- Of every 10,000 workers in Palmerston North, Wellington and Greymouth districts 450 are registered as unemployed or on Government subsidised programmes. Of these, 178 benefit from these programmes, leaving 272 people out of work.

This limited analysis demonstrates that the Government job creation and training programmes are not being taken up in proportion to regional employment needs. The operation of the Government schemes, in the cases examined, is amplifying inequalities between regions.

Women in the labour market have a significantly higher rate of unemployment than do men. How do the Government's programmes work to counteract this injustice (see table).

Concretely, in August 1981 of every 10,000 males in the labour force (Department of Labour's base figure 1976 census) 550 are unemployed or on Government programmes. Two hundred of these are on the various programmes and 350 males remain unemployed.

For a group of 10,000 females, the picture is very different — 605 are unemployed or on Government programmes, of whom 182 are engaged on the various programmes, leaving 423 registered as unemployed.

Women, with a higher registered unemployment rate than men (and an even higher "hidden unemployment rate" because of their low rate of registration), are less likely than men to benefit from Government employment programmes — the operation of these programmes is seen, once again, to amplify a social injustice brought to the surface by the existence of unemployment.

There are no statistics for social class *per se*. The closest one can get to such a measure is through an examination of

seasonal job creation programmes.

There are two types of seasonal job creation programmes, each designed to service the needs of distinct social groups.

At the height of the Winter Employment Programme's 1980 operation 4456 freezing workers (the only clearly identifiable group of unemployed seasonal workers named in the winter statistics) were registered as unemployed, while 125 were employed on their especially designed programme. This represents a rate of 2.7 per cent.

By contrast, in January 1981, 1416 tertiary students were registered as unemployed at the same time as 9425 were employed on the Student Community Service Programme. This represents a rate of 87 per cent.

Two programmes with similar manners of operation and similar aims are seen to work in two completely different ways —

- One designed to provide employment for students, a predominantly pakeha group, without dependents, well-educated and upwardly mobile, results in a very high rate of job creation;
- The other is the programme designed for the semi-skilled seasonal workers, a large proportion of whom are Maori, and not upwardly mobile.

This analysis raises more questions than it answers. If official statistics were available relating to Maoris, the unskilled, the handicapped, what would we discover about their rates of unemployment and their employment on job creation programmes *vis à vis* the equivalent rates for the pakeha, the skilled, the physically fit?

The limited analysis undertaken in this article suggests that the former categories would be much worse off than the latter.

The monies provided for job creation and training programmes (more than \$130 million in 1980-81) are clearly not being spent in a way which promotes social justice. Those most at risk are not provided with their share of "the fair go"; those at lesser risk receive more than their share of the limited monies and opportunities made available through the Government's programmes.

There is little evidence to show that these same monies are being distributed in a manner that will promote economic growth. The favourable treatment of both students and males indicates that the distribution of monies may be a product of political choice — but what type of political choice promotes social justice and social inequality?

What type of political choice is contributing to fundamental changes in our social structure without the vast majority of New Zealanders being aware of them?

**FOOTNOTES:**  
(1) ... this latter figure has been calculated by adding public sector job creation, private sector job creation and young persons training programme places, calculations carried out for a selection of months over the last year and a half show the continued existence of this pattern.

(2) In the statistical tables published in 1981 this group of workers has been so classified as to be unidentifiable.

Dr Tom Dwyer is a Wellington sociologist.

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TATRA INDUSTRIES GROUP

## Law

## Copyright intricacies rebound on copycat Frisbees

by Jack Hodder

COPYRIGHT legislation has been around since the early 18th century but has probably never been under more strain than it is today.

Reconciling the broad principle "that what is worth copying is *prima facie* worth protecting" with improvements in copying technology and differing commercial moralities is riddled with difficulties.

In New Zealand the Copyright Act 1962 was recently wheeled into action by the American producers of the popular plastic discs known as "Frisbees".

In *Wham-O Manufacturing and Others v. Lincoln Industries Ltd* (Auckland High Court, A 1478; October 27, 1981), Mr Justice Moller heard 10 days of argument and delivered a reserved decision running to 65 pages which ordered, *inter alia*, the cessation of manufacture of "Frisbees" by Lincoln, the destruction of unsold stock, and an inquiry into the damages payable to Wham-O.

Wham-O claimed breach of copyright in the preliminary drawings it had made for "Frisbees", in the wooden prototype, in the dies or moulds from which the plastic discs were produced, and in the discs themselves.

It claimed that these things were "artistic works" and had been reproduced without authority by Lincoln. (The definition of "reproduction" in the Copyright Act covers the conversion of a two-dimensional work into a three-dimensional form and vice versa.)

Mr Justice Moller accepted that the prototype, moulds and dies were "sculptures" and "engravings" respectively and thus subject to copyright as ar-

tistic works (defined in the Act to include paintings, sculptures, drawings, engravings and photographs — all "irrespective of artistic quality").

He also accepted that the copyright was owned by Wham-O, a Californian corporation.

In holding Lincoln Industries guilty of infringement of Wham-O's copyright, the judge agreed that the New Zealand company had taken and used the essential features and substance of the Californian company's design.

He regarded the evidence of Lincoln's managing director, Mr Laidlaw, who denied copying, as something less than reliable.

Mr Laidlaw's credibility was damaged by his involvement in an arrangement with Wham-O's Australian licensee, Toltoys, whereby Lincoln purchased from Toltoys material used for the manufacture of plastic discs by a former competitor of Toltoys.

The judge was firmly of the view that both parties knew that the arrangement was one whereby Wham-O ought to have become entitled to further royalties, but that both kept the arrangement from Wham-O. (Their problems arose when another New Zealand concern sought a licence to manufacture "Frisbees".)

One of the legal defences raised by Lincoln was that Wham-O had abandoned its claim to copyright by applying for a patent for the "Frisbee" in 1965.

The argument is that an applicant for a potential patent monopoly makes a conscious choice and, being obliged to publish a description of the invention, must be taken to have made his work available to the public subject to any patent rights he obtains.

That argument was approved

by an English judge in a 1978 case but disapproved last year by Mr Justice Speight in an Auckland case involving plastic tie strap fasteners and copyright.

Mr Justice Moller decided against the argument and held that the lodging of the patent claim in the United States could not be a legal defence to a breach of copyright in New Zealand.

The power of the remedies where breach of copyright has been established is well illustrated by this case. Lincoln can no longer make infringing "Frisbees", it must destroy whatever stocks of infringing products it holds and must pay damages on the basis that each infringing copy made is a conversion of Wham-O's property.

Meanwhile, across the Pacific in San Francisco, the Federal Court of Appeals has

put the fear of copyright law into the heart of the video cassette recorder industry.

That court held that Sony, the Japanese manufacturers of "Betamax" VCRs, along with its United States distributor, agency, four American retailers and one individual VCR owner, had infringed United States copyright law when a network television programme was taped at home.

The action was initiated in 1976 by MCA (owner of Universal Pictures) and Walt Disney Productions, both producers of television programmes. Sony was the target because its ad campaign had emphasised the use of Betamax for recording scheduled television broadcasts for later viewing.

The Court of Appeals reversed a lower court in finding that Sony and the other defen-

dants could not rely on a legislative exemption created in 1971 for home use of audio recording equipment or on the standard "fair use" exemption.

It did agree that demonstrations on sales floors by retailers came within the latter exemption. The case has been referred back to the lower court to deal with the question of remedies.

The most drastic remedy, an injunction restraining Sony from manufacturing or marketing Betamax for home use, might stop the booming VCR industry in its tracks. For that reason alone, it is highly improbable that it would be ordered. Indeed, the Court of Appeals suggested that an award of damages or a continuing royalty might be appropriate.

Even more likely is the chance that the VCR industry

will be spared such difficulties by success with the inevitable appeals or by the enactment of a new legislative exemption.

Oddly enough, the copyright law in New Zealand appears to have quite the opposite effect of that in the United States. Home taping of records is an infringement of copyright.

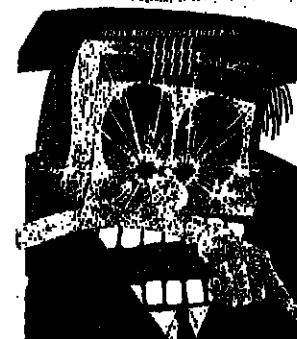
Home taping of television broadcasts would probably be permitted under section 15(4) of the 1962 Act which restricts the making of copies of radio or television broadcasts, "otherwise than for private purposes".

A claim of "private purposes" cannot stand where the copy is sold, hired out, broadcast, or caused to be seen or heard in public.

Manufacturers and retailers of VCRs for home use (in the normal sense) and home users themselves seem safe.

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## Transport

## The hidden costs of running the company cars

by Allan Parker

TABLE ONE ESTIMATED COST PER KILOMETRE (CENTS) BY ANNUAL DISTANCE					
Private Cars	10,000km	15,000km	20,000km	30,000km	40,000km
Up to 1000cc	24.7325	21.1745	19.3945		
Up to 1300cc	27.6125	23.5314	21.4809		
Up to 1600cc	30.1370	26.5744	23.2931		
Up to 2000cc	34.0089	28.7156	26.0685		
Up to 3500cc	47.0883	38.9283	34.8643		
Over 3500cc	48.2706	40.1734	36.1248		
Commercial vans					
Up to two tonnes	125.1895		72.8075	80.9801	55.0654
Up to 3.2 tonnes	135.1494		80.2053	87.6454	61.3654

TABLE TWO ESTIMATED WEEKLY COST (DOLLARS) BY ANNUAL DISTANCE					
Private Cars	10,000km	15,000km	20,000km	30,000km	40,000km
Up to 1000cc	47.55	60.88	74.23		
Up to 1300cc	53.09	67.78	82.30		
Up to 1600cc	57.94	73.55	89.23		
Up to 2000cc	66.38	82.79	100.00		
Up to 3500cc	90.50	112.21	133.85		
Over 3500cc	92.88	115.96	138.84		
Commercial vans					
Up to two tonnes	240.38		280.00	351.35	423.08
Up to 3.2 tonnes	259.88		308.48	390.00	471.83

MOST companies believe they have a fair idea of how much it costs to operate their car and van fleets.

They know how much their fuel costs, how much they pay for insurance, what depreciation they can claim...

But it is unlikely that they have calculated a full reckoning of costs, incorporating all the financial elements of operating a vehicle.

Such an assessment, in fact, is difficult to calculate accurately. The total operating costs of two vehicles of the same model, size and age can be widely disparate — just as the driving habits of drivers vary widely and affect costs.

This total costs figure is even less likely to be assessed by private vehicle owners.

The Ministry of Transport



Driving with confidence... but no brakes on running costs

has attempted to establish the costs of having a petrol-driven car or van — private or commercial — on our increasingly expensive roads.

Its economics division has incorporated direct and indirect costs — both fixed and running — of five car types (by engine capacity) and two light commercial vehicle types in an effort to quantify the cost per kilometre.

The ministry's report is essentially aimed at the private motorist and recognises the difficulty in assessing reliable costs: "Few private car owners have any accurate idea of the costs they incur by running a car."

"Some people may keep accurate records of their fuel consumption but apart from this perceived item of expenditure it is doubtful whether any detailed records of the real costs of operating a car are kept."

"There is a tendency to either overlook these costs, or to regard them as just another household expense."

While this is undoubtedly true of most private car owners, the record-keeping demands of business demand more stringent accounting.

Yet small business owners operating a one or two-car fleet or a handful of light commercial vehicles probably maintain less accurate records than may be possible.

To this end, the ministry has attempted to itemise the full costs. The difficulties of accurate calculation are recognised and the department emphasises in its report that the figures are estimates only "and should be used purely as a guide to establish the general magnitude of the real costs."

The grouping of motor cars is: up to 1000 cc; up to and including 1300 cc; up to and including 1600 cc; up to and including 2000 cc; up to and in-

cluding 3500 cc; over 3500 cc. Light commercial vans, pickups and utilities: up to two tonnes; up to 3.2 tonnes. Running costs included by the ministry include fuel, oil, tyres, repairs and maintenance and depreciation.

Fixed costs include the annual licence fee, Accident Compensation levy, fees for warrant of fitness and certificate of fitness, garaging, interest on capital (foregone by the vehicle owner), wages for commercial vehicles and comprehensive insurance.

Other charges not included are parking meter fees, bridge/tunnel tolls, office overheads and staff overhead salaries.

The estimated costs per kilometre have been worked out over an annual distance travelled of 10,000km, 15,000km and 20,000km in the case of private cars. In the case of operating a typical petrol van/pickup/utility, the relevant annual distances are 10,000km, 20,000km, 30,000km and 40,000km.

Table one shows the estimated cost per kilometre for these varying distances.

Clearly, the costs are wide-ranging, even on a cost per kilometre basis.

A simple calculation translates these ministry-supplied figures into a far more relevant — and eyebrow-raising — figure, the average weekly cost.

Table two shows the weekly damage to wallets and cheque-books.

The big gap between private car and commercial vehicle costs largely comes from the wage of the driver of the commercial vehicle, adding an extra \$9462 to the figure.

The ministry has not attempted to calculate the costs of alternative energy transport in this exercise. However, as use of CNG/LPG increases, interest in such comparison will rise.

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## Commodities

## Woes aplenty persist for world aluminium producers

by Ann Taylor

IF the Chinese started drinking coke out of aluminium cans, the industry could throw off its mantle of woes. But, meanwhile, reports on the world aluminium scene are gloomy as it wallows in the deepest recession it has ever known.

Fletcher Challenge's holding statement, issued last week, indicates the tentative nature of the producers and the market.

Energy projects boss Barrie Downey said several companies are preparing detailed proposals to supply technology for the planned Aramoana smelter and "at the same time discussions will continue with possible equity partners."

Another progress report will be, perhaps conveniently, issued by the consortium before the election. But it is fairly evident that none of the "possible" overseas companies is going to leap to the rescue of the Government's "think big" programmes before November 26.

South Pacific Aluminium has been progressively reducing its staff numbers since July when the environmental impact report on Aramoana was completed and only four or five people are now employed specifically on the project.

FCL managing director Hugh Fletcher has always held the line that the Government can only expect a realistic return on its power, rather than the 10 per cent real return which Treasury demands of the project.

But electricity — which consumes one third of a smelter's costs — at cheap rates can be the only attraction to offer possible partners.

The aluminium smelting industry in the United States, Britain and Australia has been hit as power prices are increased by renegotiation, and it seems clear that the power-giving negotiations in this country will enter a delicate second stage if and when South Pacific Aluminium finds one or more new partners.

Over the past two weeks there have been more gloom tales on the world market as companies return their third-quarter profits.

An early favourite in the third quarter stakes, Reynolds Metal Company of America reported a 19 per cent drop in profits for the third quarter.

"Weakness in the economy and low margins" were given as the reasons.

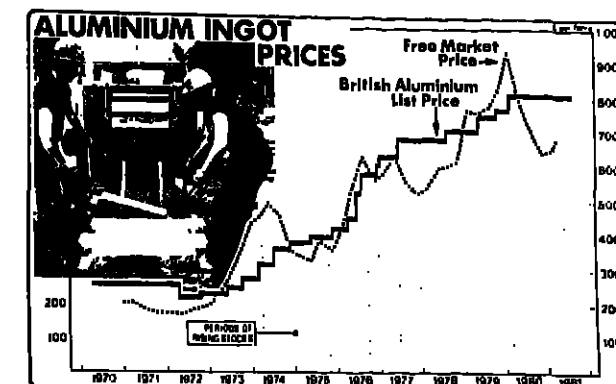
Kaiser Aluminium, the third largest producer in America, reported a similarly bleak picture, posting a 75 per cent drop in third-quarter earnings. In Australia, the future of the state's Portland smelter, on which the company has already spent \$97 million, is still in question. Under duress from the Federal Treasury, Victoria's state electricity supply authority increased charges by 25 per cent.

The Government-sponsored Ouchie inquiry into the new tolls failed to resolve the fundamental issues and the Government has appointed an international firm of chartered accountants to look into the problems (shades of Marsden Point's refinery expansion?).

Alcoa has to make a decision in the next month on whether to proceed and has begun its own wide-scale accounting exercise to find out if it is still viable to build the smelter in Victoria.

British aluminium producers are experiencing the toughest trading conditions they have ever known. Sales of semi-fabricated aluminium are running at least a fifth lower than last year and the spot sterling price has fallen by one fifth since January.

Alcoa's British subsidiary lost \$NZ22 million in the first half of this year. Anglesey Aluminium (jointly owned by Kaiser and Rio Tinto-Zinc),



Is the aluminium industry in danger of becoming deeply cyclical... like its old competitor the steel industry?

another smelter operator, is cutting capacity by a quarter. Hardest hit is British Aluminium, 58 per cent owned by Tube Investments, which made a pre-tax loss of \$NZ19.5 million in the first half of this year.

That company's biggest headache is the price it pays for its electricity. When in the late 1960s it sited three smelters in England it won special low electricity charges and the then Prime Minister, Sir Harold Wilson, got in return extra jobs

and import savings. Now, with the new contracts up for renegotiation, all three are having problems keeping their power costs low.

Some American industry analysts — Chase Econometrics — put a tinge of optimism on the picture. When the current economic slowdown ends, the aluminium industry, like most basic industries, will come out of the doldrums with a bound.

The rate of growth of domestic aluminium shipments (to where?) will jump to 11 per cent annually in the first two years of recovery. But during the second half of the 1980s, when Aramoana would be producing, the industry will be limping along with annual gains of no more than 3.4 per cent.

American markets are nearing maturity and their growth will come slowly.

Growth in the container and packaging market will be slow — aluminium now commands 80 per cent of it — leaving little room for growth. Demand from the construction and transport industries is expected to grow at around 3 per cent.

Business Week reports that "producers think they can offset (their fading fortunes) in two ways — by re-emphasising market and product development and by driving for a bigger share of world markets."

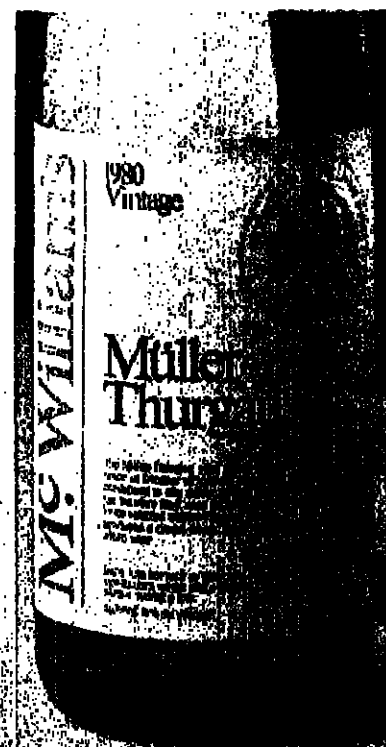
And railroad cars, telecommunications discs, solar panels for the communications and energy industries are among the products that could be developed.

It would seem the only way we can build a smelter here is to charge an alarmingly low price for our electricity or make a commitment to solar power.

## Trend Setters.



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ELECTION  
WATCH '81  
See Pages 30-40



DATA  
PROCESSING

## One certain election loser: Maori womenfolk

by Nicole Poananga

IN an election where the outcome is unpredictable, there is one aspect which is predictable — Maori women will be largely unrepresented and there is no concern shown by major political parties to their needs and no significance attached to Maori women as candidates or to the fact that 56 per cent of eligible Maori voters are women.

There are three Maori women contesting this election — all of them in Maori seats — the sitting Labour member, Mrs Whetu Tirikatene-Sullivan in Southern Maori, Mrs Eva Rickard, Mana Motuhake, in Western Maori, and Mrs Marie Tauri, National, in Northern Maori.

Only Tirikatene-Sullivan seems assured of election. Rickard, a dynamic, charismatic and well known

fighter for Maori rights, will provide the first real challenge for the sitting Labour member, Koro Wetere.

Tauri, although an able Maori woman and another prominent land campaigner, is in an electorate that is being publicly fought out between Labour and Mana Motuhake, with Social Credit making unpublicised gains.

Compared with the high number of pakeha women now seeking political office, the number of Maori women is pathetically small. They face far greater obstacles in getting nominated and very few are involved or interested in pakeha politics. Few have a chance in Maori politics.

Why is this so? Firstly, it is a reflection of the misery of Maori women; they are the *peons* of New Zealand society.

It was not always like this. Since the white colonisation of New Zealand, Maori women's position, status and importance in Maori society has been eroded. The development of the most oppressive aspects of Maori society towards women stems from the introduced Victorian and male missionary attitudes on the place of women. The concept of woman as producer of meals and children, whose duties were wifehood, motherhood and housework, and who were not fitted for leadership or politics or war, were never part of pre-European Maori society.

The male colonial and religious leaders dealt the woman tribal leader and warrior traditions a severe blow by conferring and negotiating only with their male counterparts.

The mana of Maori women has nearly been reduced to nil

by decades of this sort of sexist oppression which Maori men have also emulated. The racism which grew affected women more. The use of their bodies by whalers, soldiers and governors in the *utu pihikete* (paid with biscuits) days, reduced their status further.

These, and more, are responsible for Maori women being the most disadvantaged group in society. Statistics confirm this — in employment (or unemployment), education, health (the worst cancer incidence in the world) and high imprisonment rates.

Some have made it to the first levels. Some have assumed leadership roles in Maori language and land issues. Few reach prominence in the political life of the nation.

This is clearly reflected in the history of Maori women in

Parliament — only two in the 114 years of Maori representation. Both entered by exceptional means. Mrs Iriaka Ratana and Whetu Tirikatene-Sullivan had family connections and politico-religious power which overcame male domination of the selection process.

Ratana became the first Maori woman MP despite the clear support of Labour for John Grace who was chosen as the official Labour candidate. As widow of the previous member for Western Maori, and being Ratana, her threat to stand as an independent resulted in Labour, for reasons of self-interest and to preserve the Ratana alliance, repudiating Grace and selecting her.

There was the feeling for many in the Maori world, particularly Waikato-Maniapoto tribes, that she represented an untraditional intrusion into the world of male *tapu* and *mana*. Nevertheless, she held the seat for 20 years before retiring in 1969.

Tirikatene-Sullivan succeeded to the Southern Maori seat held by her father after his death in 1967. Her election to Parliament was rather like that of Ratana. However, she was more than qualified to take over, and was groomed for political life.

She had the added distinction of being the first Maori Labour MP with a university background. In fact, she was recalled back to New Zealand by her father's death, while undertaking doctoral research. She was also Ratana.

The value to Labour of the Ratana alliance was crucial in both instances. Both were able to escape the constraints and prejudices which normally apply to Maori women.

Many other Maori women, just as capable, have been passed over. Dame Whina Cooper is an example.

Another, Mira Szalay, former president of the Maori Women's Welfare League, the first Maori woman university graduate, a brilliant speaker and wise thinker, is a woman whose qualities are clearly superior to most men and women, Maori or pakeha. She has been avoided or ignored all these years, the victim along with others of an almost conspiratorial male prejudice.

The Labour selection in Eastern Maori this year is a further example. One nominee, Whetu Rolleston, had been an organiser for, and *protector* of, the retiring member, Brownie Rewiti. She was also a member of the Labour policy council and a graduate in political science. Her nomination was subjected to pressure from a strong Te Arawa contingent, who warned the Labour Party that the selection of a woman candidate would have dire electoral consequences.

An all-male selection panel did not help matters and as a consequence a two-time loser in general seats, not fluent in Maori, was selected. The ineffectual position of Maori Labour MPs in Parliament, the un-Maori actions and utterances of National's trio has resulted in the most effective of the new generation of Maori women foregoing pakeha politics for Maori political groups, including Mana Motuhake.

The most successful activists organise their own women's organisations and political groups.

Salvation for Maori people is not seen in parliamentary politics, particularly when the gains to be made are marginal and when the Maori seats have, by the political pressure of pakehas, been kept to four, and in the past, locked into Labour. Their political clout is minimal in opposition and seemingly suppressed when Labour rules. They have no clout when compared with the Black Caucus in the United States Congress.

Until the Maori seats are increased to at least 10 and have total control of Maori policies, Maori voters (the few who do vote) will continue to be limited to providing a conscience-saving quarter for the pakeha majority. But in Parliament, as in New Zealand society, the pakeha veto frustrates Maori policies.

For many Maori women, the long-term dark tunnel of New Zealand politics was made slightly brighter by Matu Rata's defection from Labour and the growth of a formidable political coalition. Many joined with the hope of some equal power-sharing in the decision making councils, and a removal of the male domination which is sometimes passed off as tribal integrity.

Younger Maori women, in particular, are deliberately choosing to work inside Mana Motuhake and other unashamedly pro-Maori groups with the self-determination and decolonisation they espouse will also include the lifting of oppression suffered by Maori women.

Many Maori women take a more powerful stance; and self-esteem, assertiveness and educational awareness programmes are seen as one way of solving Maori women's problems.

On a national level the three major political parties continue to ignore the special problems and needs of Maori women. They do so at their peril. Both National and Social Credit do not have in their manifesto any women's policies, only family-centred ones, and Labour concentrates on broad general policies for all women.

Mana Motuhake only has been able to understand the ongoing oppression and through intense and sometimes bitter and emotional debates a comprehensive policy has emerged aimed at raising Maori men's consciousness of sexism and re-creating the traditional partnership.

It is more a tribute to the insistence of women than to the new dawn promised. There is also a hint of realism — Mana Motuhake needs all the paddles it can gather on its way to Parliament and elsewhere, and in times of danger, women too have acted.

But the decision-making councils of the movement, like all other parties are male-dominated, but perhaps the message has been heard — to do otherwise is dangerous for the coherence of a Maori movement.

There are signs that with the current resurgence of strength and pride among Maori women, the future will be shaped by them and those Maori men who see that self-determination and decolonisation of Maorihood will provide equality for both.

Nicole Poananga has a masters degree in political studies and is active in Maori and women's organisations.

## The issues

DATA  
PROCESSING

## The House of 'Unrepresentatives'

by Murray J Williams

WE are about to elect a "House of Representatives" — but how "representative"?

In a country of 1000 pressure groups, we all like to think that the 92 seats will win prizes in the 92 seats lottery will be "representative".

But the truth is that 92 people just cannot be truly representative of the ages, attitudes, occupations, economic status, sporting interests or whatever, of the people of New Zealand. Each cannot encapsulate the views of the 34,250 they, on average, will represent in the new Parliament.

Nevertheless, it's always of interest at election time to see just whom we have to choose from, and what their backgrounds may be.

*NBR Outlook* proved an interesting source of information — and with the aid of a calculator and a wet Sunday, I did a little analysis.

In both age and occupation, our candidates are most unrepresentative, and what is more, there are quite major party biases.

Let's start with the obvious: women get a very poor deal. They represent 52.6 per cent of the New Zealand population but only 8 per cent of its candidates.

All parties are bad — but Social Credit proves the worst of the three main parties with only 8 per cent of its candidates women.

National has the youngest stable of candidates — their average age is 41.5 years, compared with 42.1 years for Labour and 43.9 for Social Credit. But averages can be misleading. The distribution of ages is much more revealing.

Half of National's candidates are aged between 35 and 44. Labour instead has cast its net more widely and has taken 15 to 20 per cent of its candidates from each of the 30-34, 35-39, 40-44 and 45-49 age groups. And Social Credit is different again — with each successive age group, it takes an increased percentage of its candidates,

reaching a peak in the 50-54 year group from which almost one-quarter of its candidates are drawn.

Yet, Social Credit has more faith in youth — 10 per cent of its candidates are under 29, compared with 5 per cent of National's and 6 per cent of Labour's.

And how do the ages of candidates reflect that of the electorate? Leaving aside all those older than 69 years (sorry, but the parties don't like the idea of the 10 per cent of the New Zealand population over 65 being represented in Parliament), then people over 35 and under 54 are over-represented in the line-up of candidates, the 55-59 and 30-34-year-olds are represented in direct proportion to their numbers, while those under-represented are between 20 and 29 and between 60 and 69.

The pushy 40-year-olds are with us!

The oldest candidates are the two National ministers, Alan Highet and Bill Young, both 67. The opposition parties obviously treat them with contempt — Highet has an opponent 42 years his junior against him, while Young has two mere lads (27 and 29) barking at his heels.

Labour's old men are Eddie Isbey at 64 and Mick Connelly at 65, while Social Credit has a 64-year-old as its senior candidate.

Mere youths abound. Social Credit is fielding two 22-year-olds and National's youngest is 23. Bruce Beetham must have something — he has the youngest Labour candidate (23) and youngest Values candidate (30) as opponents.

If you like maturity in an electorate, then head for Bay of Islands. There, the average age of all candidates is 56. But if you prefer youth, go to Roskill where the three candidates don't quite average 31.

The greatest age difference between candidates is 42 years (at Remuera). The least age difference is in Awarua where all candidates lie within a range of two years, while in Manawatu three years separate the field.

We have often heard Labour being rather unkindly referred to as a party of school-teachers

— but I didn't believe it was so correct: 30 per cent of all Labour candidates are either school-teachers, university teachers or students. No other party is so dominated by a single occupational group.

National takes most of its candidates from lawyers/accountants (22 per cent), closely followed by those with farming

connections (20.5 per cent). Social Credit takes 20 per cent of its candidates from the farming sector, 13.5 per cent from the small business world, while 11 per cent are teachers.

Labour seems to have a mortgage on those candidates with a background in health services and 11 per cent of its candidates have had union affiliations.

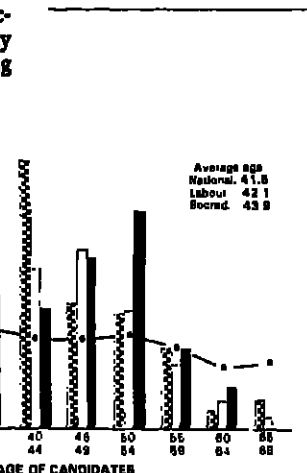
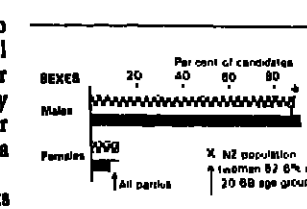
Taking all the candidates listed in *NBR Outlook*, one in six has a farming background, one in seven is a teacher, one in eight is a lawyer or accountant and one in eleven operates his or her small business.

That doesn't seem to leave much in the way of representatives from the 76 per cent of the population outside of those occupations.

There is a good cross-section of occupations standing in each electorate. However, a couple of South Island seats offer Hobson's choice of a farmer or a farmer or a farmer.

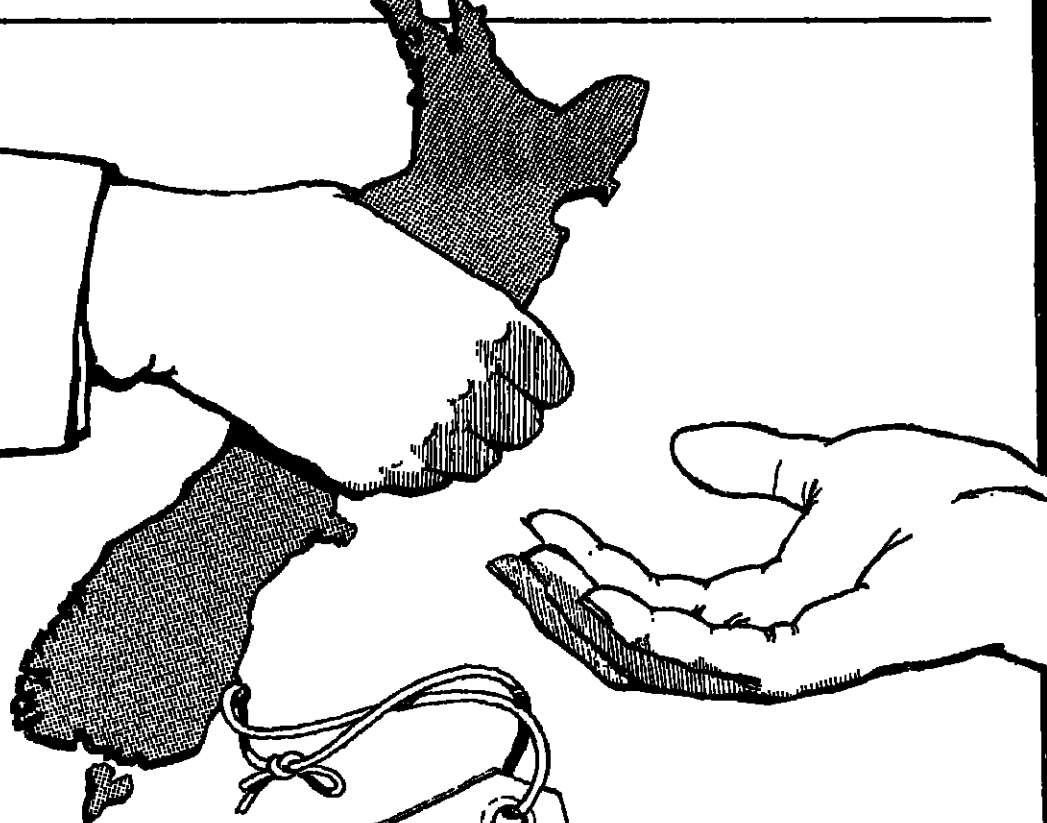
But the crowning touch must surely be at Papakura. If the electors there don't like the Minister of Education, an ex-school-teacher, they can vote for his opponents — a teacher or a teacher.

Murray J Williams, a Wellington scientist, wrote this as a letter to the editor.



Occupations	PER CENT TOTAL CANDIDATES	% overall *
Farmers etc	20.5	10.3
Law, accounting	22	12.3
Teachers	30	16.4
Small business	13.5	8.2
Union advocates	11	4.1
Medical etc	2.7	2.7
Trades	3.4	3.4
Senior management	3.8	3.8
Insurance, arts	6.1	6.1
Misc professions	13.0	13.0
Service industries	2.4	2.4
Public service, clerical, management	6.8	6.8
Housewife	2.0	2.0
Others	4.6	4.6

\* Includes Values, SUP, Mana Motuhake, Independents etc

NEW ZEALAND  
FOR SALE

"There is no place like New Zealand on this earth." Let's not pay them to take it away.

Alusuisse pulled out of the Aramoana smelter because they couldn't get our electricity cheap enough.

Any new partner for the smelter would have to be offered the power even cheaper, or with new concessions. A deal which started out as highly risky now looks like it's going to get even worse.

Why is the Government so keen to have a second smelter in New Zealand anyway?

The answer is simple — they are politically committed to building more power stations, more stations than New Zealanders need.

They share a habit with a lot of us, the habit of thinking that our hydro power is cheap,

that damming rivers is automatically profitable.

Well, it just isn't true any more. Clutha River electricity, for instance would cost about 4½ cents a unit. Alusuisse pulled out because the Government was trying to hold the line at about 1.8 cents a unit. At this kind of price, we're selling off New Zealand cheap. There is no need to do it. It doesn't make sense.

Our habit of headlong power

station construction, although it served us well in the past, is now redundant.

If you don't want to see it happen, we have a couple of suggestions:

\* Attend candidate's meetings. Ask questions about whether the power price would be lowered for any new smelter partner. Laugh hollowly if they assure you we'll get the full benefit from the building power stations.

\* Support Campaign Power Poll (Box 1505, Dunedin or Box 6133, Wellington). We're a national organisation campaigning for affordable electricity for New Zealand and no subsidised power for big overseas industries.

"There's no place like New Zealand on this earth." Let's not pay them to take it away.

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2. Members of affiliated Stock Exchanges in N.Z.  
3. The Brokers to the issue:  
(a) Forsyth Barr & Co. P.O. Box 1208, Dunedin  
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Palmerston North.

by Peter Burke

In the past to be a true blue National Party supporter has really meant being a true green supporter because of National's apparent commitment to the land and in particular farming. But looking at election '81, there must be some doubts in the minds of many farmers about the depth of this commitment, given the emphasis that the "Think Big" projects are getting.

While life for the big and established farmers may be as secure as it ever was, the smaller farmer — people such as sharemilkers trying to get that first farm — must be really wondering whom to support.

The export returns of the last season tend to gloss over some of the deep-seated problems the industry is facing, and like a poor paint job, the bubbles are starting to appear.

Wool prices are regarded by our learned economists as the barometer of farmer confidence. If that is the case then farmer confidence must be just about nil at the moment.

As at November 6 wool prices had hit rock bottom for the current season at 257 cents a kilo. That's only 2 cents more than a year ago.

To try and cushion this dramatic fall in prices the Government set the level of supplementary minimum price for wool this year at 320 cents a kilo. With the market price so low already this scheme has cost the Government about \$30 million by way of direct hand-outs to farmers.

Our people of the land are proud people and the concept of coming on the Government payroll, just like the much-criticised public servants is not appealing.

But like it or not, with the SMP payouts farmers are as much public servants as a filing clerk on the Government Stores Board.

One could even see farmers accepting the SMP payouts gracefully if they could see that the money they were getting was actually doing them some good. But agricultural economists admit that the wool SMP at 320 cents a kilo is too low to really encourage farmers to invest money back in the land.

They argue that it should be about 340 cents, and, in fact, there were rumours that the Government wanted to do this, but was talked out of it by some farming leaders.

When wool prices were low early in the season, people in the trade were confident that these would pick up by the middle of October and early November. However, just the opposite has happened and now no one is prepared to say when or if the current trend will be reversed.

There are further problems with sheep wool (the wool that is removed from the pelt of the sheep after it has been killed at the works). Farmers had been pressing the Government for a long time to introduce an SMP for sheep wool to bring it into line with other classes of wool.

Agriculture Minister Duncan MacIntyre was known to be fairly sympathetic to the farmers' requests, but despite his support, the idea was tossed out by Cabinet. While the rejection of this idea will have some impact on farmers, the consequences will have even greater implications for the whole of farming.

With prices for pelts low it now seems inevitable that

farmers will decide to shear lambs and cull ewes before sending them to the works. This will mean a greater influx of lambs' wool and also the poor-selling shorter wools coming up for auction.

It will place greater pressure on shearing contractors because there will be more work and it could lead to some demands for above-award rates to do the work.

The Wool Board will probably have to buy in greater stocks of the unwanted shorter wools which will place considerable strain on their financial resources.

The lack of an SMP for sheep wool is also likely to delay the start of the killing season as farmers will hold on to their lambs to the last minute, shear them and send them off to the works.

This is a real possibility this season because, for climatic reasons, the grass growth has been slow through much of the country and the lambs are not growing at a particularly fast rate.

The meat industry presents an equally gloomy picture. The outlook for mutton this season is one of the worst on record with a lot of last season's production unsold and at this stage no buyer in sight for this season's output.

The situation is so bad that the Meat Board has stepped in right at the start of the season and virtually taken over the marketing of mutton, paying farmers its minimum price of 43 cents a kilo — more than the exporters are prepared to outlay. Farmers still, however, get the Government SMP of 50 cents a kilo for the basic grade.

Lamb markets are also in a fragile state. Iran is proving to be a poor payer and shipments of lamb there have been delayed until cash appears. These problems could continue next season, raising extra concern as collectively the Middle East nations are now the largest buyer of New Zealand frozen lamb.

The Government will also be paying out huge sums to sheep farmers through the SMPs. The market value of lamb is 124 cents a kilo. The Government SMP is 145 cents.

New Zealand faces considerable pressure on markets outside the Middle East. We are no longer selling lamb to Canada because of pressure from Canadian sheep farmers. The Americans have a farm bill which, if enacted, could exclude all our meat.

The British lamb market was nothing short of a disaster last season with low prices and sluggish sales culminating in poor returns to farmers and there is no reason to be optimistic this year.

Last season stock numbers peaked and the sheep population rose to 71 million. But this year it will be all downhill. Facial eczema and a poor season have seen lambing percentages drop markedly.

Last season's ewe kill was also up by two million to seven million, and this, too, will have some impact on sheep numbers, putting further pressure on freezing works which have installed new equipment to increase their throughput.

There will be competition between companies for stock and to some extent this is what the Borthwick-CWS problem at Longburn is all about. By installing a pelting machine, Longburn has to increase the number of stock killed there,



and the works must try to get it at competitive rates from nearby districts.

Even the dairy industry, which seems to have an amazing capacity to weather any storm, is having its woes. Farmers asked for and got an increase in the basic price for their milk from the Dairy Board to help them over the problems of financial liquidity.

Dairy farmers have been borrowing more money than ever before and some are hard-pressed to meet the interest charges.

Horticulture has not had a good season, either, with the Apple and Pear Marketing

Board reporting a record \$11 million loss. In virtually all markets, but especially in Europe, the board has faced severe competition from Latin America and even domestic European producers with prices dropping and a glut of fruit.

The end of 1981 and this election campaign is a time of sombre reflection for all those in the agricultural business. Aerial topdressing firms have suffered a 25 per cent drop in business, young sharemilkers now need upwards of \$100,000 in cash or a high interest loan to buy a farm, and the hill country farmer faces a drop in

real terms of his income.

All these problems are linked in some way or another to the biggest single problem facing the farmer — inflation. National got the farmers' vote last election because PM Rob Muldoon said he could control the problem. But far from being taken in hand, inflation is still like the hare on the racetrack — always seeming out of the grasp of the greyhound.

No one seems to have an answer. One economist put it very aptly: "We have fine-tuned the economy to such an extent that no matter what we do we can't change the music."

The voters can certainly try on November 28 to make some changes and one can draw some interesting parallels with similar types of nations overseas. In Britain, for instance, the rise of the Social Democrats can be compared to

the rise of Social Credit.

But perhaps a lesser known example with more relevance is the Republic of Ireland. That country has roughly the same population as ours, it depends to almost the same extent as we do on agricultural exports, it has inflation at roughly the same level and until recently it did have a so-called conservative government in power.

That party, Fine Fail, was similar to the National Party with its links to the rural community. But to everyone's surprise it was defeated by the Labour Party with some help from a string of independent members.

New Zealand may be heading in a similar direction on November 28.

Peter Burke is Radio New Zealand's national agricultural reporter.

## The issues

**ELECTION  
WATCH '81**

## Farmers' plight: an Irish joke at National's expense?



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Board reporting a record \$11 million loss. In virtually all markets, but especially in Europe, the board has faced severe competition from Latin America and even domestic European producers with prices dropping and a glut of fruit.

The end of 1981 and this election campaign is a time of sombre reflection for all those in the agricultural business. Aerial topdressing firms have suffered a 25 per cent drop in business, young sharemilkers now need upwards of \$100,000 in cash or a high interest loan to buy a farm, and the hill country farmer faces a drop in

real terms of his income.

All these problems are linked in some way or another to the biggest single problem facing the farmer — inflation. National got the farmers' vote last election because PM Rob Muldoon said he could control the problem. But far from being taken in hand, inflation is still like the hare on the racetrack — always seeming out of the grasp of the greyhound.

No one seems to have an answer. One economist put it very aptly: "We have fine-tuned the economy to such an extent that no matter what we do we can't change the music."

The voters can certainly try on November 28 to make some changes and one can draw some interesting parallels with similar types of nations overseas. In Britain, for instance, the rise of the Social Democrats can be compared to

the rise of Social Credit.

But perhaps a lesser known example with more relevance is the Republic of Ireland. That country has roughly the same population as ours, it depends to almost the same extent as we do on agricultural exports, it has inflation at roughly the same level and until recently it did have a so-called conservative government in power.

That party, Fine Fail, was similar to the National Party with its links to the rural community. But to everyone's surprise it was defeated by the Labour Party with some help from a string of independent members.

New Zealand may be heading in a similar direction on November 28.

Peter Burke is Radio New Zealand's national agricultural reporter.

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by Klaus Sorensen

INCREASES in company tax under Labour, a slowdown in the domestic economy under National, and stalled economic growth with a hung Parliament.

These are some of the options facing the investment community. The first two they can live with, but the third is universally rated as disastrous.

Neither a National nor a Labour win at the polls will hold any particular fears for company and investment circles — the biggest threat to them is uncertainty.

Traditionally people with a lot to lose have always feared a Labour Government, but it seems this is no longer the case.

Labour has overcome its "Big, Bad (Socialist) Wolf" image, with a track record of growth in selected sectors of the domestic economy in the years it has governed.

With a National Government the prospect is for less growth in the domestic economy than

## No business fears, except 'hung' result

under Labour, as more funds are ploughed into the "Think Big" projects.

But the third option is the most frightening to the business community — a hung Parliament with major investment decisions inevitably deferred in the face of a crippled political decision-making process and the prospect of a further election to settle the impasse.

But a hung Parliament is still rated as the outside chance. The difficulty is picking which party will win the Treasury benches — and that has businessmen and investment experts stumped.

One major institutional investor told *NBR* he did not see any great danger in either National or Labour. "If Labour gets in, a rise in the company tax rate seems likely, to finance its election policy."

"Labour has promised in-

dividuals certain tax exemptions and are committed to not interfering with superannuation, so the question is where is it going to come from," he said.

"I quite like their plan to put a tax on overseas financing, but it seems inevitable that they will increase the company tax rate from 45 per cent to 50 or 60 per cent, and that would kill a lot of incentive in business, not so much for the exporters but for those operating in the local market."

"I think a tax on capital profits could be applied to speculative gains — they might say it applied for gains made on investments held for less than two years which would be bad for the sharemarket," said the investor.

A National Government would see a "bit of a credit squeeze" and this, combined with an easing of export prices, could see a dampening effect on

companies. "I think the sharemarket will rally after a National win before gradually declining in 1982." One of the biggest problems the institutional investor saw with a return of the National Government was "the single-mindedness of the Prime Minister."

"In the institutional field, this is one of the greatest problems. He just ignores the representations we have made to him."

"Take the differences in the Government stock ratios for super funds managed by life offices (50 per cent of total assets) and the superannuation funds themselves (40 per cent stock holding requirement)."

"We asked him for a reduction in ours but it seems more likely that he will increase the super funds ratios to our level — particularly when the local

bodies are screaming out for money."

Predicting an outright victory for either party is a task avoided by most, though one broker told *NBR*: "I think National will just squeeze in."

But he admits Labour victories traditionally create a bull market. "Everyone says Labour will be good for housing with its low-interest loans; there will be support for small business and while I would expect them to continue to support our export momentum, I can't imagine they will continue to pay out such large incentives to the likes of Fletcher Challenge."

"For that reason I would continue to rate companies in that area of the sharemarket as suffering from a high degree of political risk," said the broker.

"Tax cuts under Labour would be attractive, particularly if they were linked with a

move towards direct taxation, but under National... well, I just don't know — I mean, remember the Ross Committee (on taxation) and how Muldoon treated that. He seems frightened to take the initiative and get off his backside, the broker said."

One analyst sees a much more buoyant economy under a Labour Government. "It will be good for individuals and companies with big growth in housebuilding, electronics and appliances and that sort of thing — which will be good for the sharemarket."

Under National, he foresees a slight dampening of the economy and an increase in the tendency towards takeovers, mergers and rationalisations — "in line with both IDC and CER plans."

"But Labour has said it will cut back on takeovers and mergers and it is committed to keeping prices down through more competition in the marketplace," the analyst noted.

## 'Hairy berry boom' boosts Nat hopes of holding on

by Rufus Wallingford

THE prosperity created by the "hairy berry" boom can only help National's chances in both Kaimai and Tauranga.

Social Credit is putting up the same candidates — Doug Conway (Kaimai) and Paul Hills (Tauranga). Both came second to National MPs Bruce Townshend and Keith Allen, who look set for another term in Parliament, barring some massive nationwide shift to the green and golds.

The reasons, however, are not identical. Take Kaimai first. In 1978 Conway could not better Townshend in any booth, despite the National candidate's migration from the Hauraki Plains and lack of local residence and identity.

In the last three years Townshend has been an active and visible MP in an area where the horticulture boom has created great opportunities for the hardworking entrepreneur. Thus Townshend has an immediate identification within the electorate.

To add to Conway's troubles, Labour has chosen Leo Mangos, clean-cut, forthright and in his party's social democrat stream — vastly more appealing than the red-neck type of unionists who carried Labour's banner formerly.

And even though Labour came third in 1978, it still beat Social in the urban areas of Waihi and Mt Maunganui.



Keith Allen... quietly confident.

That is one side of the equation, but pleasant insurance man Conway calculates differently and it all boils down to "credibility". He believes that National has made such a mess of things that the anti-Government vote will be large and Social Credit must pick up a large part of that movement if the "anti" really mean their votes to have some effect.

He also points to the fact that, excluding Auckland's urban seats, the Social vote from Bay of Islands to and including Rangitikei was well over a third of the total vote in 1978 and support for the league has been in the ascendancy since.

It is that sort of arithmetic, too, that Paul Hills believes will take him to the top in Tauranga. He is sure there's been a big erosion of support for National — certainly Keith Allen doesn't enjoy the same image with voters as does his colleague Townshend but he's quietly confident from the result of his canvassing.

Just to make sure though, not only are Brian Talboys and Marilyn Waring being wheeled in but Rob Muldoon is making his second visit to the city in three months. There were no signs of National big guns in either 1978 or 1975.

Tauranga's two main voting blocs comprise the elderly, rich retired (mostly former farmers), and small, fast-growing

businesses whose owners have moved up-market to National.

The problem for Hills is to persuade the former that they are losing by inflation and convince the latter they could do even better under Social Credit economic management.

He may have left it too late: In 1978 he was editor of the *Bay Sun* and thus had his name into every household (the *Sun* is a giveaway) — now he edits only the league paper, the *Guardian*, and thus preaches

largely to the converted, even though the circulation is up 82 per cent in the past three years. Hills also takes the attitude that MPs should not be expected to provide solutions to local problems, but rather help local bodies put into effect the solutions they themselves determine. In other words, he would foster local initiative and oppose *diktats* emanating from Wellington.

But at the same time, in conformity with league philosophy, he seeks to be Tauranga's MP first and a Social Creditor second, which he considers quite different from the present approach of party first and local interests a poor second.

There's a fine distinction in that lot which may escape Tauranga voters who are as pragmatic as any in New Zealand.

Labour's candidate, Glenda Fryer, has no such qualms — her strategy is to harden and increase the base Labour vote,

which has slipped in each of the last two elections.

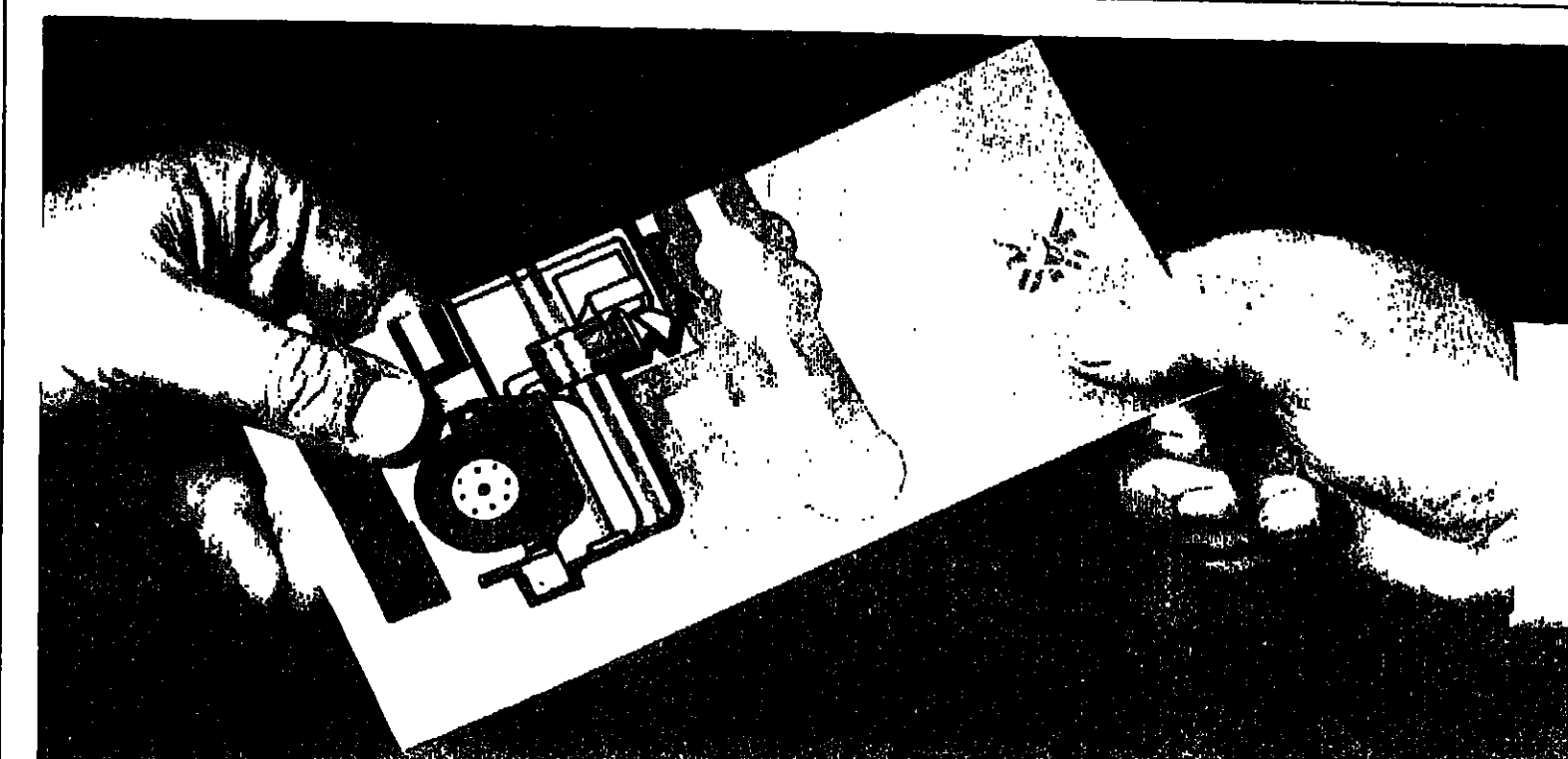
Her university education in political science taught her that without a base one cannot fight, but she is also realistic enough to recognise that her only chance is to slip through the middle in an internecine Social-Nat battle.

Both Tauranga and Kaimai have their fringe candidates. Jon Mayson, co-leader of Values, is standing in Kaimai, and has persuaded Carolyn

Wait in Tauranga, to be one of 16 Values representatives.

Both want a platform to pose "the right questions" and both are quite resigned to losing their deposits.

In addition, Tauranga architect Colin MacGillivray is standing as an independent in opposition to "the other three left-wing parties"; while Kaimai's independent, carpenter Chris Watt, wants more recognition for alternative lifestyles.



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## Socred country?

by Colin James

THE Waikato and western Bay of Plenty are the crucible of New Zealand social credit. Here in the 1930s among the small farmers struggling under high debt and low prices and among their dependent small business people the doctrine spread like wildfire.

In 1978 the region provided nearly half of the seats where Social Credit pushed into second place: Waipa, Matamata, Hauraki and Kaimai — and Tauranga, Social Credit's first such success in a provincial city.

Northland is still more of a glamour area for Social Credit. Its two top targets for gains lie there.

But Hauraki is third in that list. Up until a few weeks back, most pundits within and outside the parties were giving it to Social Credit and anything over an 18 per cent vote nationwide must leave it at risk.

Matamata is another at risk, though the swing needed is bigger. Rangiriri, needing a huge swing, has proved one of the surprises to Social Crediters themselves, who had already elevated it to the first rank of potential gains before Energy Minister Bill Birch helped them along with his involvement in Coromandel land, the subject of a mining privilege.

High hopes are also held of Tauranga, the mixed seat of Kaimai that surrounds it, Tarawera and, to a lesser extent, Taupo.

These hopes are built on adding ex-National discontent among farmers and small business people to a collapsible anti-National ex-Labour vote.

Where the Labour vote does collapse in the countryside its Social Credit predator seems to have a corrosive effect on the Labour vote in the fringes of enclosed urban areas.

Thus the fringes of Auckland returned a relatively high Social Credit vote in 1978. Tauranga put Social Credit in second place. In Hamilton, Social Credit may have been important in keeping Labour out.

Conversely, where Labour fights back in force Social Credit's potential drops. Leo Mangos may have stymied Social Credit in Kaimai, for instance.

And, to put a different twist on it, National's extraordinary

young woman MP, Marilyn Waring, may have put together a coalition of voters in Waipa that will deny Social Credit much of the spoiling power it has in other similar seats.

Labour does have a more active role than a helper or spoiler for Social Credit.

It holds Taupo. A landslide might give it Rotorua. A substantial swing might give it one or both the Hamilton seats.

The problem for Labour is affluence. In the less well-off provincial cities in the middle and south of New Zealand, Labour either holds the city or is within a few votes of doing so.

But Tauranga is well beyond its grasp and is being pushed farther away by the kiwifruit boom. Tourist-rich Rotorua has escaped its clutches since 1960, even in the landslide of 1972.

In Hamilton, Labour has won only once in the past 30 years — in 1972, when it won both seats. In 1978 the swing to Labour in Hamilton was barely a third of its nationwide level.

In Hamilton West, the better prospect for Labour of the two, a young left-wing union organiser, Paddy McCaffrey, has attracted a local organisation that is the match of any in the country for numbers, depth of penetration to block level and spread.

This has turned the tables on normal top dog National, where maverick MP Mike Minogue, reminded last week by Prime Minister Robert Muldoon that he will not be in one of his Cabinets, does not have the usual strong organisation behind him.

Lola Welch in Hamilton East also has a stronger organisation than Labour fielded in 1978. But her opponent, outspoken Environment Minister Ian Shearer, possesses the twin virtues of being more mainstream than Minogue, yet still sufficiently distanced from the Muldoon line.

A month or so back some National strategists were very worried about Hamilton. President George Chapman even said it was the key to the election. But it is a hard nut for Labour to crack. Watch it carefully on November 28. But if the swing to Labour is anything less than 2 per cent, you can probably safely forget it.

# Now the time for party to come to Nat hopeful's aid

by Rufus Wallingford

THE National Party is clearly concerned — if not outwardly showing too much worry — about its chances in Hauraki. "This seat is in danger," is the blunt assessment of Hugh Hayward, long-time chairman of the Hauraki Plains County Council who many moons ago had aspirations of representing his patch in Parliament himself: for National, naturally.

And the reason: Most views converge on the Government's response, or lack of it, to the wrangle over funding the Waihou river flood protection scheme. (It was flooding from that river that caused such devastation, specially in Paeroa, last April.)

In 1980 dollars, the scheme is costed at \$42 million and to date is about two-thirds com-

plete with nothing from locals — so far.

The Government wanted \$1.6 million a year local contribution, though it has dropped the *ante* somewhat since. Local opinion is adamant that \$600,000 a year is all that landowners can justifiably afford, and even that burden is planned to spread over a wider area than many think reasonable in an attempt to keep individual assessments down.

So while he is the front runner, Graeme Lee, National's choice to replace the unspectacular Leo Schultz, is working hard behind the scenes to get his party to come to the aid of the party.

Farmers are fighting land classification in the High Court.

It seems that a favourable announcement from the Prime Minister when he makes a

swing through Hauraki could lay to rest any National Party doubts.

And this view is shared by Social Credit's hopeful, Gordon Miller. While quietly confident of his chances, Miller concedes the Government could "buy" the seat by, perhaps, altering the 1:3 subsidy ratio or by turning the local contribution into a suspensory loan.

But although Waihou flood protection appears to dominate there's a strong indication that national rather than parochial issues will dominate.

Mike Blake, enterprising editor of the *Hauraki Herald*, organised a survey in early October after getting professional advice from the Heylen Research Centre.

To Blake's surprise — and he was not alone — unemployment topped the issues list,

followed by inflation, while the Waihou scheme came a poor third, equal with mining.

For the time being at least the mining issue is quiet; but one not mentioned in the survey — Hauraki Gulf fishing — could become a rod for Lee's back.

Labour candidate Carl Jensen in particular is identifying with local fishermen who fear that changed rules will mean they lose their livelihood to the bigger Northland boats — and as a spin-off, the local fish processing industry will get a thump in the guts and so have to lay off staff.

And Jensen asserts that in dollar terms fishing is the biggest industry on the Coromandel Peninsula.

Jensen is a far more attractive candidate than Labour's offering in 1978, and while he has little chance of winning his ef-

forts could mean the difference to Miller's chances.

It is significant that the *Hauraki Herald* poll showed both the National and Social Credit vote down about 5 per cent on 1978 votes cast, but still giving Lee a healthy lead.

Support for Labour dropped only 1.5 per cent, and that could mean bad news for Miller who needs further erosion of the Labour vote to topple Lee.

But on the plus side for Miller is the near-doubling of the uncommitted vote to 20.5 per cent. He argues that he is the only effective alternative to National and that in Hauraki, a wasted vote is a Labour vote.

Whether the anti-Government voters see that logic re-

mains a big question mark.

This is Miller's second try for Hauraki. On his first attempt he lifted the Social Credit showing by nearly 4000 votes (the support for Labour dropped nearly 800) and this time if the Labour vote stays at its 1978 level, he needs only about 1000 voters to change Hauraki's allegiance.

But Lee is a local man, too, and has a solid 15-year stint in local government to buttress his claims. Neither is emotional firebrand candidates — their contest is somewhat reminiscent of an earnest duel fought strictly to the rules, as befits Miller's quite unpretentious personality and Lee's Christian convictions as a Baptist elder and lay preacher.

## Personal following may be Thompson's strength

by Richard Fletcher

IN 1978, one of Geoff Thompson's campaign officials who had been in the United States suggested the National candidate for Horowhenua should find a slogan for himself, American-style. Thompson thought calling himself, as suggested, "the friendly one" was a bit corny.

But nevertheless, he agrees friendliness and approachability were two of the attributes he pushed when campaigning for, and winning the newly created Horowhenua seat.

Thompson is a pleasant, easy-going, young-looking 41-year-old, who as a lawyer and farmer has been in the electorate virtually all his life.

Compared with 1978, he is better known in the electorate and his dogged stands for Horowhenua may have scored him points. But the pleasant manner covers a sharp political instinct.

With the Fibremakers closure at Shannon, the bright boy and potential rising star of the class of '78 had also to rethink at least some of his strong private enterprise stance.

Thompson played an important role in setting up the Shannon Tannery as one way of replacing the jobs lost when Fibremakers closed. The tannery was opened last week though some locals say they have only seen a few of the jobs so far.

Balanced against that, Thompson has made the effort.

Thompson told *NBR* that in the rest of the electorate the feeling is one of progress. Textiles in Levin are going well, the Foxton people caught by the sales tax on caravans have found jobs and local horticultural development continues to expand.

But he still admits the fight will be a close one and is well aware of the slimness of his 744-vote majority. This time, he said the "iffy" part of the electorate for him could be Waikanae. The retired population, in the main wealthy and staid, would appear to be National-leaning, but the party noted drops in support there last election and a jump for Social Credit and Labour.

Campaign officials think that may be a temporary phenomenon, though Thompson doesn't underestimate the calibre of his Labour opponent, David Page.

Page is a couple of years older than Thompson. Sincere and easy-going on a one-to-one level, educational psychologist Page brings a wealth of experience to the Horowhenua Labour campaign. After work on Labour's East Coast Bays Campaign in 1972 he moved to Palmerston North. Since then he has worked in both Palmerston North and Manawatu electorate organisations.

Like Thompson, Page points to Waikanae as being the possible place of change. He believes older National Party supporters aren't happy with the Muldoon style of leadership and local Labour branch membership in Waikanae has gone up.

Labour has been bringing in the "heavies" to back up the local campaign. Page noted that Federated Farmers had organised two good meetings in Foxton and Shannon. Farmers were concerned, he claimed, about huge cost rises and younger people not being able to get on to the land with rising land prices and while he conceded some farming votes might go to Social Credit, others would come to Labour.

On manufacturing in the area, he believed locals were finding it difficult understanding why protection was removed from Fibremakers and in the past couple of weeks a 10 per cent tariff on imported yarns was imposed to help Levin Dye Works.

Page believes both sides are coping the flak over the Rixen dispute for different reasons. Some people in Levin would have like the Government to take a harder line on Rixen workers, but Labour may have lost votes over anti-union feeling.

In the main, though, all parties agree the strength of Labour and National organisations will decide the Horowhenua result, even though Social Credit and Values both have candidates. Social Credit's Bobbie Smith, aged 62, hopes to increase league support, which doubled between 1975 and 1978.

Labour's Page believes Horowhenua will go with the national swing, though organisation will also count. It may also be that Thompson's high personal profile, though National Party workers say will give him at least 500 votes, could make the difference.

# Leadership and arts of impression management in the Pig Islands

by Les Cleveland

LEADERS have the ability to persuade people to support their actions and plans out of a sense of self-interest, combined with whatever emotions of trust, sincerity, loyalty, admiration, devotion, commitment, confidence, respect or grudging toleration they can inspire.

Their success owes much to the extent to which they can give public performances that will intuitively establish such responses in the minds of followers.

Psychologically, political leaders are in the same situation as professional actors seeking to engage the attention and approval of large audiences, but unlike them they are asking their audiences to enlist themselves as followers and to act out the roles they have assigned to them in a real-life drama of power with very real consequences for its participants.

Since the advent of television, audiences have come to expect increasingly sophisticated performances from would-be leaders who have either had to adjust themselves to the split-second demands of interviews, debates, party political broadcasts and other camera-grabbing dramatisations, or take the ignominious consequences.



M.J. Savage beamed a personal message to every household in the 1938 election campaign. "I'll never let you down, or keep you down," he promised.

The ability to hold an audience and to build in it some sense of confidence and mutual purpose, if not excitement, is the primary dramaturgical skill of political life. Some people possess it fortuitously, others have to learn it.

Intelligence, literacy, a good memory, a loud voice, energy, charm, good looks, likeability, wit, a nasty snarl or a big smile are valuable stage props, but nobody who cannot somehow dominate and inspire a following can hope to succeed as a political leader in the head-counting scrambles of democratic politics.

What, then, are the salient characteristics of New Zealand political leaders and what rough magic transforms a Caliban into a Prospero, or a swine into an angel in these disenchanted isles?

Early on, our political history produced its prototype working model in Richard Seddon. All subsequent practitioners are his pale offspring.

The archetypal democratic leader is rough-hewn and solidly equipped for gruelling hours of mud-slinging legislative performance, endless rounds of back-slapping, yarn-spinning,

boozing, womanising, gossiping, rallying and nudging of constituents and marathons of wrangling intrigue in tobacco-smoke-filled committee rooms.

His assiduous memory for names, faces and intimate family details is exhibited with demagogic passion on election platforms where he must profess a personal, humanitarian concern for the down-trodden, the neglected and the ordinary, with suitable gestures in the reversed direction of equality, freedom and social justice.

While indulging in these excitements he must, of course, take cunning care to reward followers for services rendered and to lend a prudent ear always to those with enough money and power to affect the survival of his regime.

For electioneering purposes, what matters is not exactly what is said and done so much as the style with which it is carried off. Style is the characteristic way that the qualities and behaviour of a politician are presented to audiences.

Seddon's combination of immense physical vigour and gut-punching self-assertion was mediated by his shirt sleeves benevolence and liberal dedication to the affairs and ambitions of the ordinary citizen. He came to symbolise the radical forces of Liberalism as well as the incipient nationalism of a crude frontier society.

The style with which Seddon performed was notable for its pungent utterance, its combative energy and its identification with the occupants of our dingy little streets. All subsequent political leaders have found it necessary to cultivate, in their various ways, this flattering tradition of egalitarian ordinariness.

They have made a virtuous parade of their approachability and common sense, their absence of intellectual distinction, their enjoyment of banal, suburban, family pleasures and their lack of any faculties not possessed abundantly by their followers.

In the majority of cases this has come easily. Former National Party prime ministers have found it advisable to boast of their origins as simple farmers or business people who have risen to prominence by dint of perseverance and dogged, predictable industry.

Labour Party prime ministers, until recent times, have graduated from the ranks after long service in which they earned not only the respect of the party but the confidence of the trade union movement.

In many ways the epitome of this proletarian tradition was Norman Kirk, a former engine driver and factory hand who became premier in 1972 more by the assiduous cultivation of influence, the ruthless pursuit of power and the application of a rugged, shirt-sleeves style of oratory than by any memorable display of imaginative or executive brilliance.

But his curious death in 1974 may have ended an era of political style as far as Labour is concerned. His successor, Bill Rowling, a former schoolmaster with a degree in economics, introduced into the Labour leadership at least the beginnings of modest academic



Seddon, the "great I Am" was transformed into a patriotic saint by his death in 1906. This portrait, in a weekly periodical, awards him the halo of benign elder statesman whose "heart is in God's Own Country." More recently, a 1974 magazine eulogised the dead Norman Kirk and similar 1976 treatment was accorded 1975 victor Rob Muldoon.

Continued Page 38

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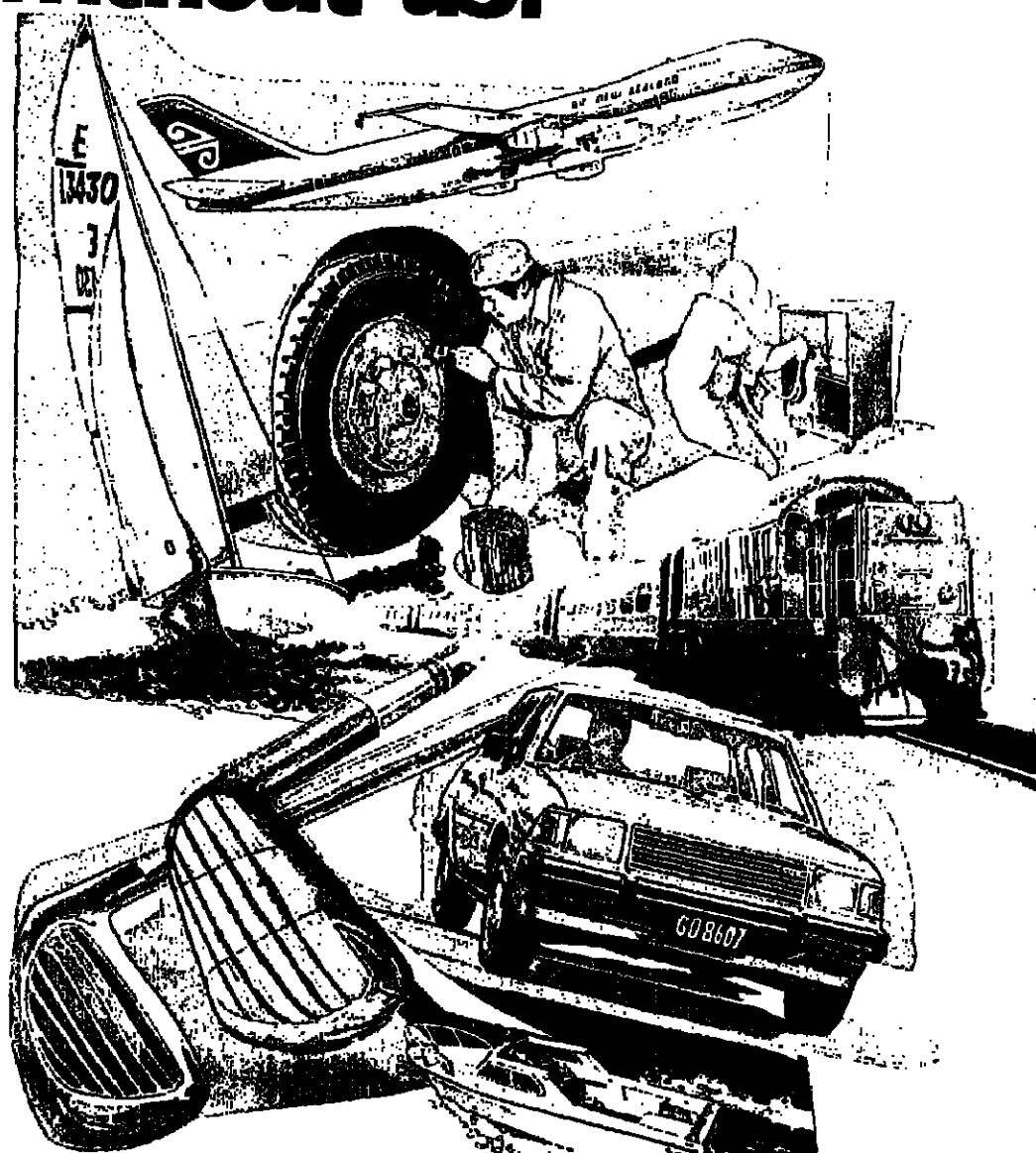


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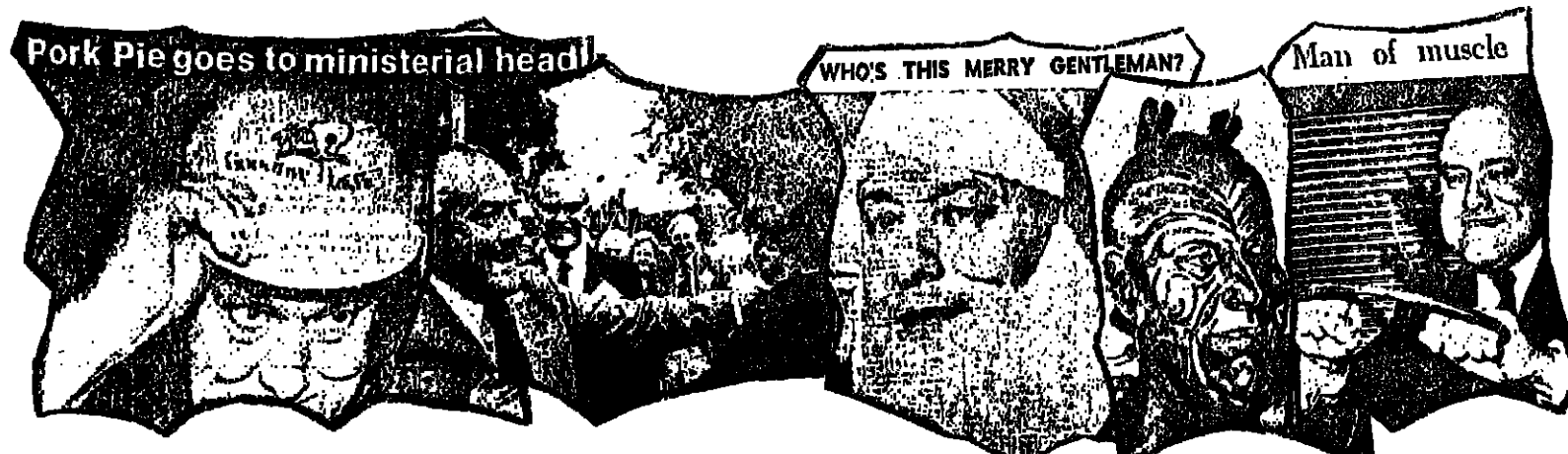
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## Leadership



From Page 37

This did not mean, however, that they could dispense with the common touch. Interviewed on television in 1972, Rowling felt obliged to reassure us that he was not out of touch with ordinary sentiments because he had "been in the army", while Bob Tizard, a former university teacher, was at pains to point out that he had once been a taxi driver.

A few days later the newly appointed Minister of Railways and Electricity (Ron Bailey) assured a newspaper interviewer that his father had been a public works tunneller and railway worker and he, himself, had been raised in public works camps.

While he survived in office, Kirk cultivated close contacts with people in some very mundane walks of life. For example, he sometimes went across the road from Parliament Buildings to stand in a queue to buy fish and chips for lunch and he was just as accessible as other prime ministers have been to the general public.

He had his own networks of private, informal consultants. He monitored radio talkback shows and occasionally chipped in to object to things he didn't agree with. His private telephone number was listed in the phone book and he was sometimes consulted by people as late as 4.30 in the morning.

But a predecessor, Sir Keith Holyoake, probably holds the world's record for availability. He used to walk to work so that he could conduct informal opinion polls with shopkeepers on the way, and he was once consulted on the telephone by a woman in need of advice about her drains!

Such familiarity may be good for votes, but it raises the problem of social distance. It may be useful to cultivate a close identity with the democratic herd, but the office of prime minister requires that he should also be able to behave with dignity and aloofness in order to command respect from cabinet and party colleagues as well as from the electorate.

All authority depends on being able to sustain a certain amount of mystery about its operations. This requires that is incumbents need to keep some social distance between themselves and those over whom they would rule. The more elitist that authority, the more it must seem distant, mysterious, inscrutable and hence unchallengeable.

In societies where class and other barriers augment traditional forms of political authority, chimney sweeps seldom hobnob with the ruler or the princess except in fairy tales. In New Zealand, however, they sometimes share the same taxi home.

This keeps the ruler in close touch with ordinary people's feelings and opinions, but he may still need to demonstrate that he is not entirely an ordinary person and that he has

sterner, more resolute capabilities of leadership in reserve.

This again is very much a matter of personal style since the arts of marketing can be used to construct almost any kind of personality and reputation a celebrity might require. But too much propinquity, and the democratic leader loses respect; too little and he risks the loss of affection.

Even the great Seddon was not immune from complaint on this account. Sydney Truth, which used to treat New Zealand politics and affairs with "the same comic curiosity as it displayed towards the West Australians and the Queenslanders", described Seddon in 1905 as a "pushful, portly, portentious, pretentious ex-publican... the greatest I am" and it described how he strode majestically into a Christchurch barber shop and entered the next vacant chair ahead of everybody else who was waiting.

All leaders take dramatic risks when they venture outside whatever regions of privacy they have been able to safeguard for themselves, and particularly when they entrust themselves to the scrutiny of an entertainment form like television.

To an extent, they can try to insure themselves against disaster by careful self-dramatisation and skilful use of the arts of impression management which are essentially the same as those of the car salesman and the popular entertainer. The last decade of National Party leadership has shown considerable dexterity in these accomplishments.

Holyoake was at pains to affect a resonant, authoritative tone of voice which some people found irritatingly pompous, but nevertheless made him an effective speaker.

His successor (Sir John Marshall, a lawyer with a capacity for the succinct presentation of difficult abstractions) cultivated a bland, relaxed, fireside-chat manner by the time he was displaced by Rob Muldoon who displayed a provocative ability to exploit controversial issues in public debate. He combined this with forceful performances on television, and a readiness to risk ridicule at the age of 53 by allowing himself to be described as "a young Turk".

According to one commentator, Muldoon underwent hair restyling and was outfitted with shirts and suits designed to flatter the figure—an exercise that worked wonders for Kirk. Both Muldoon and Holyoake are comparatively short in stature, while Kirk was obese, but the cameras have generally been used in such a way as to play these defects down.

Kirk was ill at ease on television and had an unfortunate tendency on radio to enunciate with an excessive sibilance. Nobody seems to have told him that this could have been cured

by the fitting of a properly constructed denture.

In face-to-face situations, however, he excelled, especially when he was able to demonstrate a rough and tumble capacity for exchanges of repartee.

Muldoon has an equally versatile talent for live audience management but he has been specially resourceful in using

the mass media to reinforce his forceful qualities. In this he has been at pains to adopt a style that suits the limitations of the democratic mind.

He presents himself as an ordinary fellow who doesn't sit on the fence, but gives positive answers to questions when it suits him and hits back with a counter-punch when attacked. In the cut and thrust of debate

he is usually so well in control that he can afford to relax with a display of mordant humour when he feels inclined. This sometimes enables him to stall for time by asking an interviewer in sarcastic tones what his opinion is, then rubbing it in.

In later years, of course, he has been able to guarantee his control over such situations by

arrogantly refusing to be interviewed at all by people he doesn't like.

Like Kirk, Muldoon has a talent for sensing what an audience will respond to and he has made triumphant use of this in barn-storming tours of the electorate as well as on television.

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## Leadership

ELECTION WATCH '81

## Rival 'dances of identification'

of electioneering impose a considerable physical strain on the aging males who characterise the typical New Zealand cabinet, while prime ministers are likely to encounter crude physical ordeals that might seem laughable elsewhere in the Western world.

For instance, in 1976, Muldoon followed up a study made by his departmental advisers of gang activities by drinking with members of the Black Power gang at the Royal Tiger Tavern in Wellington and going to a party at a gang member's house. "I thought he was a pretty good joker to talk to," said a gang member afterwards.

In the New Year of 1977 he was twice dropped into the sea by helicopter in order to be rescued by surf life-savers as part of a surf club publicity campaign.

From 1975 onwards, Rob Muldoon and Bill Rowling have been performing rival "dances of identification" before the electorate in a choreography which has presented various scenarios about the quest for national security.

Muldoon's 1975 campaign film, *A Bit Mr Churchill's Way*, showed him in authoritative action before assemblies of hypnotised party faithful, but it was also careful to make much of the social affability of its hero.

He appeared in informal clothing at the beach, but found it oddly necessary to explain that he had a sense of humour. He was also seen in modest family surroundings, carving the Sunday joint and behaving much like any other harassed suburban refugee in a beach house which he was

proud to have built himself. The language of the opening address in his election campaign was organised briskly round the iconography of his particular version of New Zealandness. "I'm a New Zealander... I fought shoulder to shoulder with the men of 28 Battalion... the hearts of New Zealanders... preserve and enhance all the good features in the New Zealand way of life which is unique in the world... act like an ordinary, decent New Zealander... the preservation of the family unit as the basis of society."

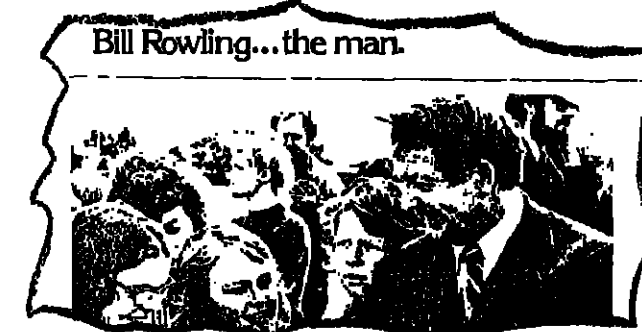
The script was so bad that Muldoon could almost have written it himself. When he commented on the National Party's victory he reminded us in the course of a television interview that "I'm just an ordinary New Zealander and I know what the ordinary person

thinks." These nervous self-images have not changed appreciably since then.

By comparison Rowling does not need to labour nearly so ponderously at the presentation of his version of self-ordinariness. His 1975 campaign described him as a man of "quite determination" who had provided "new humanitarian foundations for our society" and who had "united New Zealanders in a way that has never been seen before."

But it was also thought necessary to proclaim with democratic modesty that "Bill Rowling drives the same sort of car as you do. He lives in the same sort of house that you do. Like you he is a family man... who is not in politics to push his own barrow."

Indeed, he told an audience at Whangape Settlement (where he had been a teacher 20



Bill Rowling... the man.

Bill Rowling mixing it with the people, from a 1978 campaign leaflet.

years before) that he was still "just plain Bill and your friend". New Zealand may be the only country in the world where the prime minister could risk turning up on television as Rowling did on September 30, 1975, in a five-minute Fred Dagg ski playing a straight part as "Bill, a sort of foreman, who works for the Government."

How did the New Zealand mind respond to this ironic abolition of social distance? Ambiguously, as might be expected.

One viewer complained that "things have come to a pretty pass in this country, but surely we haven't got to the stage where we need a professional comedian for our prime minister?"

But others accepted the populist implications of the enterprise by commenting that the PM shouldn't shut himself up in Parliament with a god-like image and that his appearance was a master-stroke, showing him to be a down-to-earth man — which was just what New Zealand wanted for a leader.

A delighted Fred Dagg summed it up in the current idiom, "Bill — good on yer, mate."

How much of Labour's loss of the 1975 and 1978 elections was due to popular perceptions of the stylistic differences between Rowling and Muldoon? And what are the implications for 1981?

Rowling and Muldoon have both been straining to create images of folksy sincerity and trustworthy ordinariness, but the essential Rowling style combines an air of shrewd, calculated coolness with modest understatement and seriousness.

His philosophy appeals to the cohesive instincts, but it has a quiet, intellectual component that perhaps needs a more passionate, Seddonian presentation for it to excite converts and capture waverers. Thus some prophetic words from a 1976 speech:

"Governments can work actively and sincerely for equality and justice in the community or they can turn their backs and allow privilege and vested interests to take an easy path... New Zealand does not want the dividers and the spoilers at the head of the country — the people who make political capital out of setting one group against another. We must build our own future and we shall never be able to do that if we can't trust each other, can't respect each other and can't work together."

In contrast, Muldoon's achievement has been to project the aggressiveness of the ordinary person, grown impatient and disposed to action, in a fountain of verbal energy that ranges from pungent demolition to the earnest, and often angry, denunciation of opponents and scapegoats.

Muldoon has always been quick to seize the initiative, to

seek confrontation, to be for or against something, to challenge enemies and destroy them in a Jack-the-Giant-Killer blitzkrieg routine.

Rowling's rhetoric is integrative and suggestive of a reserve of sober, earnest goodwill. Muldoon's is flamboyantly divisive, even though for current election campaign purposes it has been toned down.

It may be expressive of some of the same psychological conflicts and tensions that torment "Rob's Mob" and the mass following who respond intuitively to his aggressive experiments with people and events.

Perhaps the stylistic polarity between Rowling and Muldoon symbolises the dichotomy of the New Zealand mind which, on occasions, is capable of strenuous feats of idealistic sacrifice and goodwill in the common cause, but is also prone to outbursts of savage violence and selfish, wilful destruction, illustrated with alarming clarity in the recent Springbok tour disorders.

Muldoon may be no more than an image of ourselves, a representation of our fears and frustrations. He may be as much a creature of the electorate and the mass media as he is an imposition of the most negative aspects of party conflict.

As saviours of the country both men have been starring in two different movies about the nature of the times and the possibilities that are open to us. An additional complexity is the emergence of a third movie with a substantial Sacred following directed by its leader, Bruce Beetham.

In a rather different way, Beetham is a mediator between the extremes of New Zealand as one big happy family and New Zealand as a continuous rugby scrimmage. His personality is more mysterious and more aloof.

We don't know or care what his childhood was like, whether he has a beach house and what he might get up to in it if he did have one. We don't know what he has for breakfast, what movies he likes, what his taste is in booze or women, and how he fills in his time when not crusading for the party. Nor does it matter.

On television, Beetham appears as Mr Clean who is also teacher and crusader, bringing order and enlightenment to suffering New Zealand like a missionary who is radiantly secure in his possession of the sacred tablets of his faith — in this case the tenets of Social Credit. They are augmented by the impression of single-minded determination to succeed, based on self-confidence and hard work.

These are by no means the attributes of Mr Ordinary, and it is significant that Beetham does not have to spend much valuable time trying to impress the electorate that he is the same as everyone else. He has a

Continued Page 40

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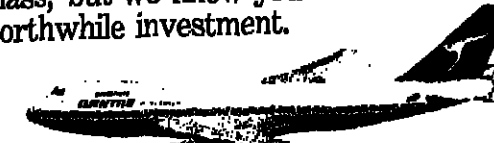
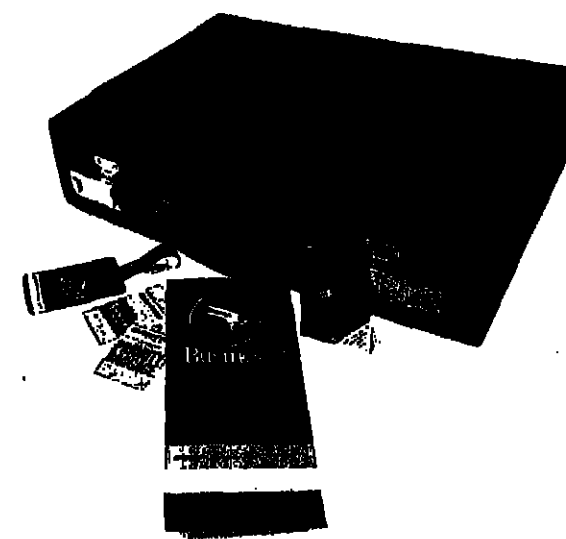
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## She'll be (computerised) right on the night

by Stephen Bell

VOTING patterns in the forthcoming election will again be analysed by computer for the benefit of the radio and television audience, keeping them up to date with the state of play, and attempting to predict the final result as booth voting figures come in.

But this year there will be some important differences. No longer will there be sheets of paper flying around the studio. The system has been entirely rewritten to present most of its information interactively on visual display screens, directly in front of the programme presenters.

Main power behind the system is Burroughs, which has developed the new election-night software in record time using its locally developed Linc product.

Every one of the radio and television presenters will have at least two screens in front of them. These will allow them, with a few keystrokes, to call up any one of a variety of reports on individual booths and electorates, or groups of electorates and comparisons with the 1978 results.

Radio and television naturally requested different analyses to be built into their reporting, but a common data entry system will be used, through terminals in Radio New Zealand's studios.

The television viewer will not see the presenters' terminal screens as they will be let into the desk. Nor will the raw reports be presented on the television screen.

Instead, they will see colour displays incorporating graphics. These will be generated by Apple microcom-

puters linked in to the Burroughs system. A range of graphs and charts will be available, allowing ready visual appreciation of this and the previous election's voting patterns.

The one absent feature which one might have expected is the use of maps. The long narrow shape of the country makes it awkward to display to a large scale on a television screen.

The problem is compounded by the fact that many small electorates are packed together in the narrowest part of the country around Auckland, says TVNZ's executive producer for election-night, Bruce Wallace.

The system has two basic functions: current monitoring and prediction. Clearly the rise of the third party has added complexity to predictions based

on "swing". The swing of voters is now multi-dimensional and has to be measured between each pair of parties.

Television's sample for prediction purposes will be based on results from five booths in each of 27 electorates chosen for the previous closeness of voting patterns to the final result, or for special features. Marginal seats and seats with a promising Social Credit vote will be included, for example.

The computer programs will additionally allow collections of seats with certain features in common — geography, or sensitivity to certain political questions — to be analysed together as a sub-group.

Radio's prime sample for prediction will be broader-ranging, over all polling points in a sample of 30 seats.

Organisation of the election program started rather earlier this year than in 1978: "we began thinking about it in February," said Wallace, "and I was particularly keen to sort out the computer problem first; it's only through the computers that we'll know what's really happening."

The users' requirements were pinned down between March and last month and writing of programs began in

October, using a single person and the Linc program generation system.

Program development should be complete this week, said Burroughs, but one of the strong points of the Linc system is that changes to meet unexpected requirements will be relatively easy to implement, almost up to the last minute. "If there's a snap election next year," Wallace promised, "we'll be ready."

### THE NEW DIMENSION

SOCIAL CREDIT  
POLICY '75



Bruce Beetham . . . "providing the solutions to many of the problems that beset the country" in the 1975 manifesto.

## Charisma, 1981-style

From Page 39

magnificent stage prop that does this for him, a huge smile that invests him with an instant aura of social acceptability.

His shining self-confidence is comparable only to that of Michael Savage's triumphant sincerity beamed from grinning mantelpiece portraits in every Labour voter's home after 1935.

Savage, as the epitome of ordinariness, demonstrated how far that quality could take a man with no other talents except those of a mediocre chairman. But Beetham is far more than that. And he has television, where by comparison with the other hackneyed warriors, he is irresistible.

Beetham displays two styles. First, the teacher talking sternly to his flock and welcoming converts. Second, Mr Clean relaxing conversationally and constructively in much the same cohesive way as a Rowling or a Marshall about problems and their constructive solutions.

New Zealand democracy has always had an intuitive trust in the virtues of equality. Its leaders have mostly been men of mediocre intelligence, laborious cunning and monumental industry.

Julius Vogel had the only brilliant mind in our politics. He was a visionary and a gambler whose think-big schemes collapsed because of their administrative impracticabilities and their reliance on over-heroic borrowing. (A lesson for us?)

His mistake was to be far too clever. If democratic leaders should happen to possess an exceptional intelligence or imagination it is often necessary for them to pretend that they are as stupid as everyone else

lest they anger our egalitarian sensibilities.

This is consistent with the distrust of intellectualism which symbolises everything the common herd fears and dislikes, and which is therefore a necessary ingredient of democratic politics.

Thus there was nothing surprising about a remark by Dame Ruth Kirk in a *Narrow-while* television interview in 1974. She was defending herself against criticism that she had been selling off presents given by foreign countries to her husband while he was prime minister. "I don't worry about the intellectuals — they're nothing," she said.

But Beetham reverses this cultural norm by unashamedly displaying the very symbols of his intellectual status and academic respectability in the credentials MPhil, MA cited below his portrait in the party's 1975 manifesto as if they were qualifications for leadership as well as an enhancement of his capacity for single-minded righteousness.

This could take him into some genuinely radical pathways that might yet astonish and even dismay those property-owning democrats who yearn for a Social Credit millennium.

As the Prospero of New Zealand politics, Beetham may have much further to voyage than any of his rivals, but he has first got to captivate a lot more of us. Would a larger taste of power give him some role-perfection opportunities and a chance to experiment further with his dual identity as prophet-teacher and Mr Clean-and-Not-So-Ordinary?

Les Cleveland is reader in political studies at Victoria University of Wellington

## MAF sees farmers' plans as duplication of effort

FEDERATED Farmers' proposal to set up an agricultural information network (NBR, October 19) could conflict with plans for the Ministry of Agriculture's own information

system and could lead to a wasteful duplication of effort, according to an MAF spokesman.

The obvious course would be one of co-operation, said John

Milne, manager of the ministry's computer systems group, but MAF is keeping a low profile on the question at the moment, seeing the proposal from Federated Farmers and other primary industry bodies as too adventurous for short-term implementation.

A full information base giving every agricultural user all the information he wants — "so that someone can just type 'rasberries' and get back everything there is to know

about raspberries" — took a good deal of planning, both in the area of assessing needs and in deciding on an appropriate structure for the database, said Milne.

The meeting of primary industry bodies last month seemed to convey the impression that it was an easy task; they would be doomed to disappointment, he said.

MAF intends, in the long term, to set up a broad-ranging information facility based on

the computer network which it is currently installing.

But first priority with this project would be to convert some of its existing computer applications from batch to on-line mode; to show the end-users — the farmers and fishermen — at first hand what current computer systems could do for them.

This would not only benefit the users themselves, but might help to ease relationships between them and the ministry —

relations which have been particularly strained of late, especially on the fishing side.

At present, three of the planned five nodes of the MAF network have been connected, at head office, the fisheries division at Greta Point, Wellington, and Levin.

A large number of terminals are being attached but the ministry has plans for many more, given Government approval, always a long-drawn-out business.

## Aimed at management

PRIME's office automation system, due for release here in the next few months, makes a direct approach, like that of Burroughs, to management.

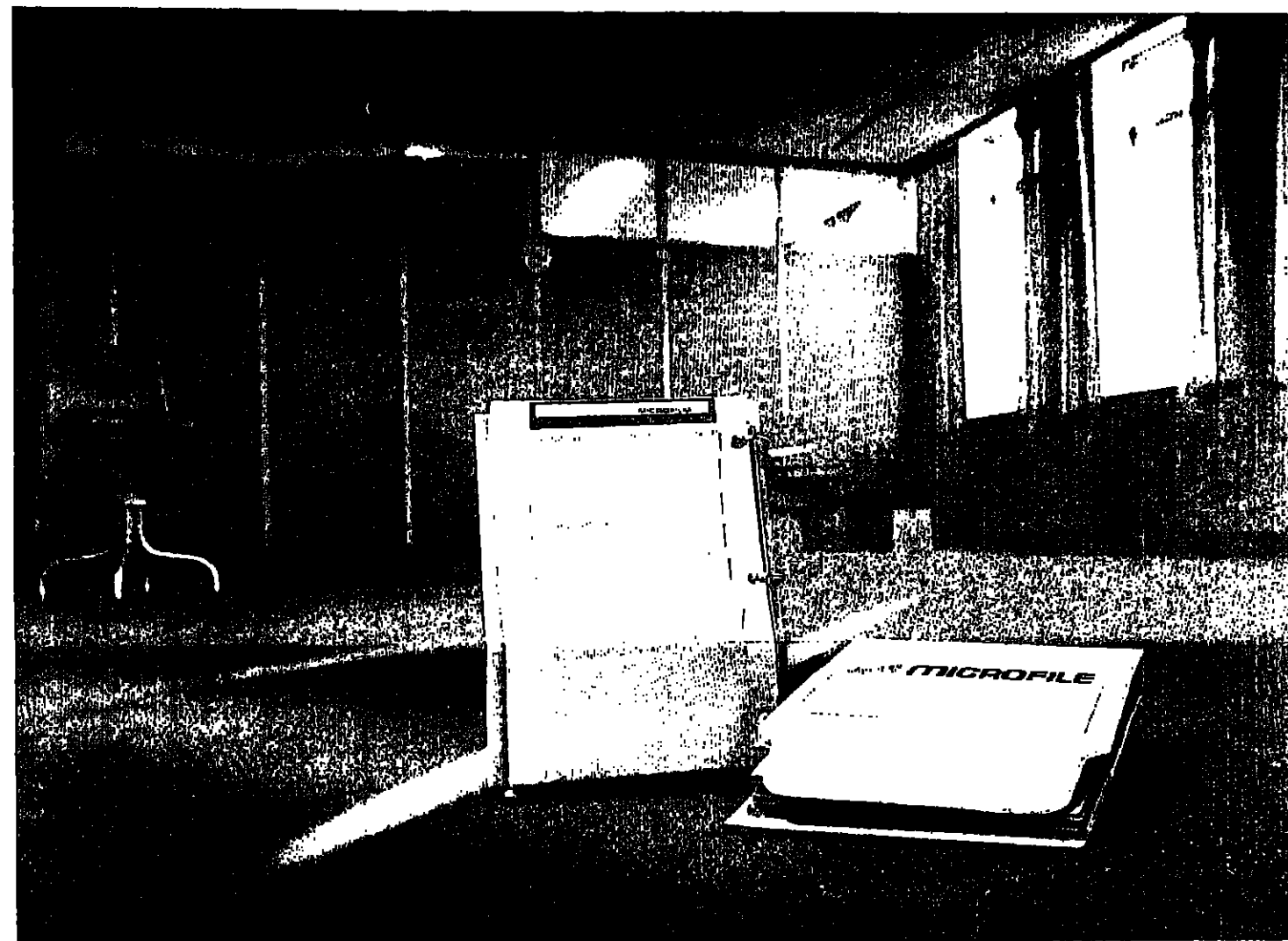
This seems to be the current way of approaching the office network, rather than seeking the "easy" way in through progression from word processing.

Prime's hardware and software aims to provide an extensive range of management-oriented clerical functions, including the routing of documents through electronic mail, maintenance of an electronic "to-tray" for every user, individual diaries and an automatic meetings scheduler.

This last device can examine the diaries of all planned participants in a meeting and slot the meeting in at the very time they were hoping to get some desk-work done, or put their feet up.

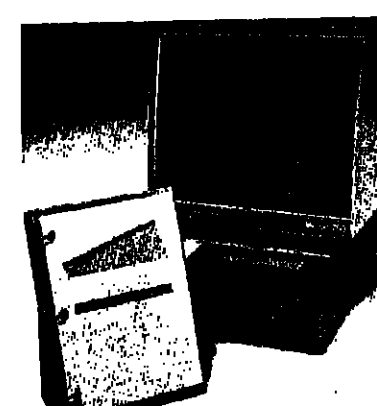
A "tickler file" can be maintained, to remind the executive of projects due for action each day.

ent system may well suit the New Zealand office environment better.



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DATA  
PROCESSING

## Networking

## Tasmanian expert sees moves towards private control

PROFESSOR Arthur Sale's keynote address was keenly awaited, not least because the Tasmanian University professor had been the missing keynote speaker from the last New Zealand Computer Society conference, and is known to have firm views on the public policy aspects surrounding networking.

His keynote could truly be said to have set the tone for the conference; touching on the growing move towards private enterprise communications in Australia, it understandably aroused feelings among the local audience about the monopoly status and the level of service of our own Post Office.

Sale's jumping-off point was the history and potential future of information networks in Tasmania and communications with the rest of the country.

The island is a relatively small community — much smaller in population than New Zealand — "so we don't get too lost in bureaucracy", said Sale.

A central computer policy committee has been set up within the state government with Sale as chairman of its technical subcommittee.

Having a distributed population — "not like South Australia, where 95 per cent of the people are in Adelaide" — Tasmania is an obvious breeding ground for networks.

The schools have been eager to move into computer-aided

education and have taken the network route. Every secondary school now has at least a few terminals, linking into a Digital Equipment network with three processing centres, the largest in Hobart.

Concurrently, the State Computing Centre, based on a Univac machine, had begun to spread its tentacles along substantially the same paths; the geography of Tasmania to some extent lays out the obvious routes for communications links.

There is a thriving Agriculture Department network, which the department plans to extend, a contemplated network for the Mines Department and, naturally, the broadest-spread network of all — the TAB.

From the speaker's progressive sketch of these overlaid networks, it became obvious that some rationalisation was badly needed. The committee had naturally already reached that decision, and had explored ways of accomplishing it.

In this, it faced something of the problems of our own State Services Commission a few years ago — packet-switching was the obvious answer, but the prospect was a distant one.

In the New Zealand case, this led the Government to contemplate seriously setting up its own packet-switched network between computing centres.

This was undoubtedly a fac-

tor in leading our Post Office to look at packet-switching as early as it did. Such networks are now close at hand in both countries, but the planned order of installation for the Australian Auspac packet-switching nodes hardly helps Tasmania.

The nearest node immediately planned is Melbourne, and

there would be little point to taking some 500 lines across Bass Strait.

The evident need in Tasmania might result in pressure on Federal Government to implement a node in Tasmania earlier than planned.

Internally, rationalisation could proceed along any of

several paths. Centralisation on an upgraded version of one of the mainframes would mean an undue dependence on one supplier.

Sale's preferred choice led to an interesting view of the computer network; rather than a central processor surrounded by lines with lesser processors and terminals hanging from them, he saw the network at the centre of the picture; an entity in its own right responsible for shifting information among the computers and terminals on its periphery.

This allows the issue of processing to be entirely "decoupled" from the communications issue, he argued.

A Tasmanian network would use packet-switching, the paths between terminal and processor being "virtual" links lasting for as long as the session lasted,

with the actual communications lines being thoroughly sharable by other users.

It was hoped to implement the network entirely as a state government concern, but clearly this would present bureaucratic problems involving state and Federal governments and Telecom.

A favourable attitude is developing to private enterprise networking, with a consortium of large private companies owning much of the capacity of Australia's planned domestic satellite, and the recent decision not to allow Telecom to implement videotex in Australia.

But despite such progress, the implementation of such a network was still primarily a bureaucratic problem, with technical aspects a long way second, he said.

agreement" at present, and nothing had been formally finalised, he pointed out.

The potential competitive situation is stirring up a good deal more flak in Australia, with its potentially greater market for large processors.

A further statement from Rydon is expected in the next few weeks, when the situation has been further clarified.

ICL's most direct use of Fujitsu technology is in the negotiation of sales rights to the Japanese giant's 380 and 382 mainframes, giving it an attack on the large-machine IBM-compatible market.

This is unlikely to cause any problems on the New Zealand market in the short term; with the exception of few very large users, there is no custom for machines of the 15 to 50 million instructions per second range represented by this end of the ICL range.

Lower down in the power scale, with the DM and so-called Eatriel machines, ICL is not aiming at the IBM-compatible market attacked by Fujitsu; it is simply using Fujitsu components and aid in the manufacture of machines to fit into its own distributed system.

Rydon admitted that only preliminary statements could be made as yet. As ICL's plans had only emerged in general outline, the situation was still "a little vague", he said.

Certainly, a local spokesman added, no statement would emerge from the Japanese until "all the I's had been crossed and all the T's dotted" in the Fujitsu-ICL accord. It had only reached the status of "heads of

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A further statement from Rydon is expected in the next few weeks, when the situation has been further clarified.

ICL's most direct use of Fujitsu technology is in the negotiation of sales rights to the Japanese giant's 380 and 382 mainframes, giving it an attack on the large-machine IBM-compatible market.

This is unlikely to cause any problems on the New Zealand market in the short term; with the exception of few very large users, there is no custom for machines of the 15 to 50 million instructions per second range represented by this end of the ICL range.

Lower down in the power scale, with the DM and so-called Eatriel machines, ICL is not aiming at the IBM-compatible market attacked by Fujitsu; it is simply using Fujitsu components and aid in the manufacture of machines to fit into its own distributed system.

## Computer industry

DATA  
PROCESSING

## Would-be videotex operator eyes packet-switching

FOLLOWING straight on the heels of the Australian Federal Government's decision not to allow Telecom to provide

videotex (viewdata) services, another private sector effort has launched into the market.

Two private companies —

the giant Myer retail store chain and Publishing and Broadcasting Pty — are already setting up their own videotex operations.

But the latest entrant — Computer Power, of Melbourne — looks like spreading its tentacles all over the country more effectively, both to information providers and information users, by linking into the planned Auspac packet-switching network.

Computer Power will offer videotex on a "bureau" basis, allowing any user with a videotex terminal — essentially a modified television set — to hook into information providers' databases throughout

Australia, or even overseas, on the back of Telecom's own most efficient data communications service.

It has also announced plans to supply private videotex systems for "closed user networks", at a cost of only \$A40,000.

The prohibition of a Telecom-backed service and the invasion by the private sector is in direct contrast to the New Zealand situation, where the private firms are championing the bit, while the Government (whichever it will be next month) has yet to decide whether to allow the Post Office a stake in videotex and whether to make it the ex-

clusive operator of the service. Talk to date has been of interfacing videotex to the conventional telephone network, and this has given rise to local fears of unpredictable consequences on the volume of telephone traffic.

The packet-switching network, on the face of it, seems an ideal communications medium for videotex. The videotex subscriber will fetch a screenful of information and spend seconds or minutes browsing through it before requesting the next screen.

A conventional line would tie up communications capacity during this idle period, but packet-switching allows other

users' "packets" of information to be slotted into the gap, with little or no waste.

Tariffs for the Auspac network, moreover, are distance-independent, so Computer Power would be able to supply users at any centre with services far around the same cost, variance depending only on their distance from the nearest packet-switching node.

This is evidently the same basis on which Telecom was aiming to provide such a service, since it talked of "local call fee access" in Sydney and Melbourne — extending eventually to all state capitals, "with STD access possible from elsewhere".

## When back-up isn't really all that fail-safe

IN search of a fail-safe computer network, many organisations have resorted to duplicating communications lines. A question worrying some delegates to the recent Victoria University networking seminar was whether such back-up achieved anything.

If an organisation leased two lines and the Post Office allocated two in the same cable, there was a strong chance that a

misadventure befalling one — anything from electrical interference to a contractor's ill-placed excavation — would also affect the other.

A Post Office spokesman assured the anxious users that the Post Office was a little more considerate than that and did take care to put the primary line and the spare through two separate cables.

In confirmation of this, at least one delegate testified to having lost a line and assured his companions at the dinner table that the spare connection still functioned.

In Australia, however, it is pointless to have back-up communications for an entirely different reason: Australian Telecom already provides them.

According to keynote speaker

Professor Arthur Sale, a break in a cable results in an automatic switch to microwave links between the same two points.

A good many users were not aware of this thoughtful provision. They were leasing two cables purely for back-up purposes and wasting their money.

The ultimate in local line duplication must surely be represented by the configuration planned by Watties to support its Auckland and Hastings sites.

Once the ICL machine has been taken off, the system will be reorganised with a 3705 communications processor at the front of the 4331 and another as a shared front-end to the two 4341s. There will be no fewer than three parallel links running between these two communications processors.

The second 4341 has just been installed in Hastings, but

to provide transfer of ICL programs and files to the new environment, a 4331 has been stalled in Auckland and linked to Hastings with a single 9600 bit/sec line, which can only transmit in one direction at a time.

This limitation is imposed by the direct communication capability of the 4331, and "at times" has proved to be under-capacity, said IBM's Ian Riley.

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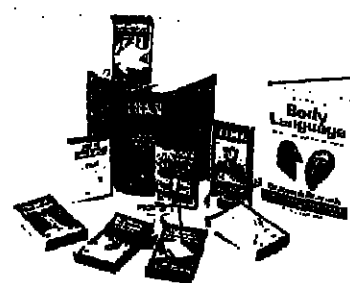
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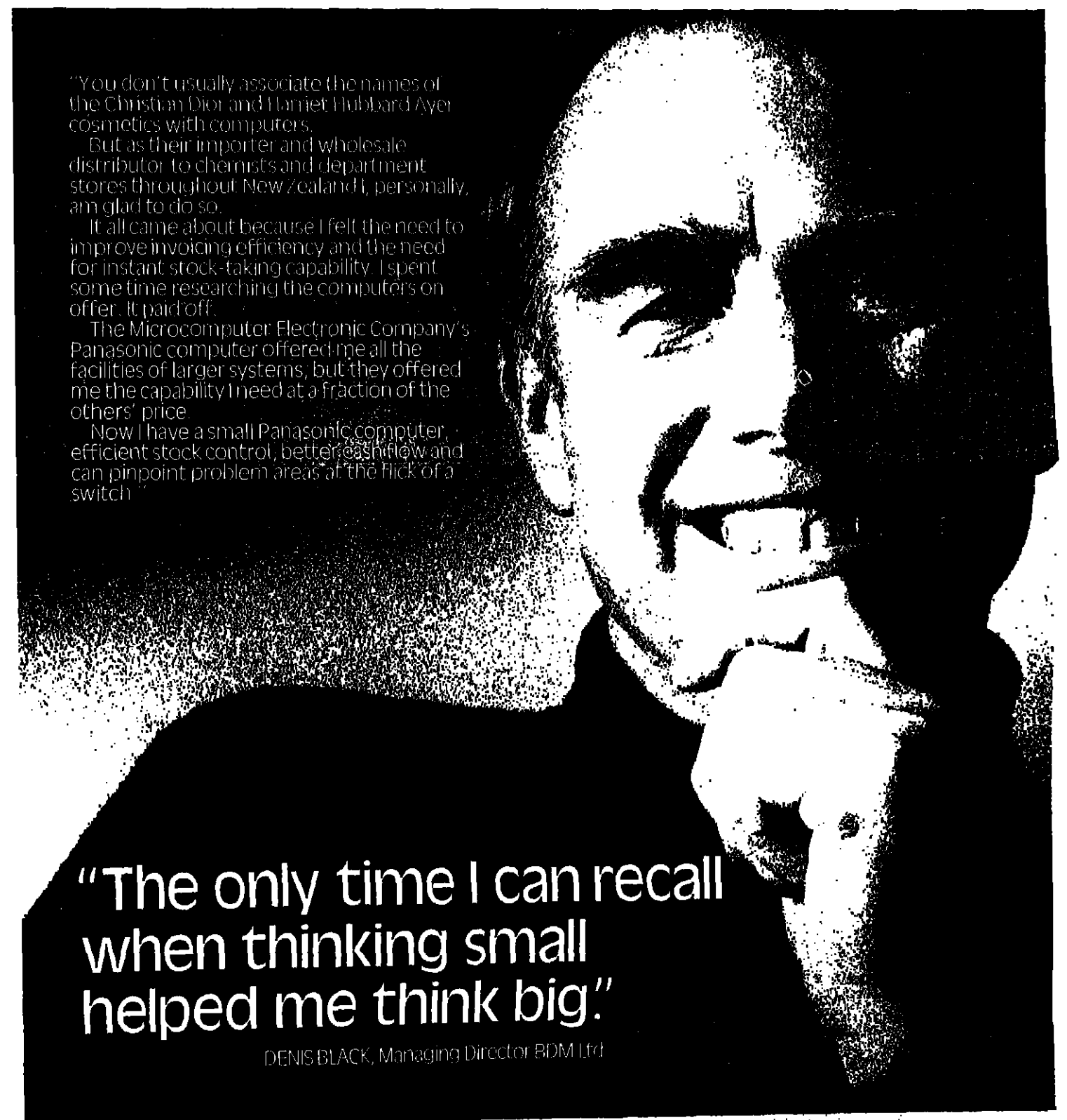
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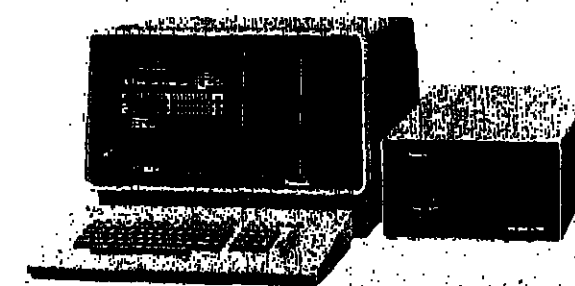
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